

# B S R & Associates LLP

Chartered Accountants

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

Telephone: +91 124 7191000  
Fax: +91 124 235 8613

## INDEPENDENT AUDITORS' REPORT

**To the Members of Newgen Software Technologies Limited**

**Report on the Audit of the Standalone Financial Statements**

### Opinion

We have audited the standalone financial statements of **Newgen Software Technologies Limited** (“the Company”), which comprise the Standalone Balance Sheet as at 31 March 2021, and the Standalone Statement of Profit and Loss (including other comprehensive income), Standalone Statement of Changes in Equity and Standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (“Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matters

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

**Description of Key Audit Matter**

<b>Revenue from operations (refer note 27 to the standalone financial statements)</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<ul style="list-style-type: none"> <li>Revenue relating to implementation services from fixed price contracts is recognised based on percentage of completion method which is estimated by the Company basis the completion of milestones and activities agreed with the customers. Due to complexity and volume of transactions, significant judgements are required to estimate percentage of completion and determine timing and accuracy of recognition of revenue.</li> </ul>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>Evaluated the design and implementation of internal controls and tested the operating effectiveness of internal controls relating to determination of percentage of completion and estimation of efforts required to complete the performance obligation;</li> <li>Involved specialists to assess the design, implementation and operating effectiveness of key IT controls over the IT environment in which the business systems operate and to test information technology system controls used in recording revenue.</li> <li>Selected specific/statistical samples of existing and new contracts and performed the following procedures:               <ul style="list-style-type: none"> <li>Inspected key terms, including price, deliverables, timetable and milestones set out in the contract for selected sample of contracts and identified the distinct performance obligations.</li> <li>Tested project management tool for budgeted efforts and related percentage completion milestones and establishing accuracy of milestones based on actualisation of efforts for delivered projects.</li> <li>Tested the details of activities completed with those stated in the customer contract, details of activities completed as provided by the project head and confirmation/acceptance of completion of such activities by the customer.</li> </ul> </li> </ul>

<b>Trade receivables (refer note 12 to the standalone financial statements)</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<ul style="list-style-type: none"> <li>• Significant management judgement in determining the recoverable amount of trade receivables as estimating the recoverable amount involves inherent uncertainty.</li> </ul>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>– Obtained an understanding of and assessed the design and implementation of Company’s key internal controls relating to debt collection and making provision for doubtful debts;</li> <li>– Assessed, on a sample basis that items in the receivables’ ageing report were classified within the correct ageing bracket by comparing individual items in the report with underlying documentation, which included sales invoices, proof of delivery and customers sign offs;</li> <li>– Assessed the assumptions and estimates made by the Company for the provision for doubtful debts with reference to our understanding of the debtors’ financial condition, the industry in which the debtors are operating, the ageing of overdue balances and historical and post year-end cash receipts from the debtors and by performed a retrospective analysis of the historical accuracy of these estimates; and</li> <li>– Tested the accuracy and completeness of underlying data for “expected credit loss model”.</li> </ul>

**Other Information**

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

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

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

## **Management's and Board of Directors' Responsibility for the Standalone Financial Statements**

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if

such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

- i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its standalone financial statements - Refer Note 36 to the standalone financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2021.

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

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

*For B S R & Associates LLP*

*Chartered Accountants*

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

**SANDEEP**  
**BATRA**

Digitally signed by  
SANDEEP BATRA  
Date: 2021.05.25  
16:26:36 +05'30'

**Sandeep Batra**

Partner

Membership No. 093320

UDIN: 21093320AAAAAS9805

Place: Gurugram

Date: 25 May 2021

**Annexure A referred to in our Independent Auditors' Report to the members of Newgen Software Technologies Limited on the standalone financial statements for the year ended 31 March 2021, we report that:**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In accordance with this programme, fixed assets at certain locations were verified by the management during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds and lease deeds of the immovable properties are held in the name of the Company.
- (ii) The Company is a service company, primarily engaged in the business of software product development including designing and delivering end-to-end software solutions covering the entire spectrum of software services from workflow automation to document management to imaging. Accordingly, it does not hold any physical inventories at the end of the year. Thus, paragraph 3(ii) of the Order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to Companies, limited liability partnerships, firms or other parties covered in the register required under section 189 of the Companies Act, 2013. Accordingly, para 3(iii) of the Order is not applicable.
- (iv) According to the information and explanations given to us, the Company has not given any loan, guarantee and security as specified under section 185 and 186 of the Companies Act, 2013. Further, the investment made by the Company is in compliance with section 186 of the Companies Act, 2013.
- (v) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 for any of the activities carried out by the Company.
- (vii) (a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income- tax, Goods and Service tax, Duty of customs, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Duty of excise, Sales tax, Service tax and Value added tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service tax, Duty of customs, Cess and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

**B S R & Associates LLP**

- (b) According to the information and explanations given to us, there are no dues in respect of Income tax, Goods and Service tax and Duty of customs which have not been deposited with the appropriate authorities on account of any dispute. As explained above, the Company did not have any dues on account of Duty of excise, Sales tax, Service tax and Value added tax.
- (viii) In our opinion, and according to the information and explanations given to us, the Company has not defaulted in repayment of loans/borrowings to banks. Further, there were no dues payable to financial institutions, government or debenture holders during the year or outstanding as at 31 March 2021.
- (ix) According to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instrument) and did not have any term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, managerial remuneration has been paid/provided by the Company in accordance with provisions of section 197 read with Schedule V of the Companies Act, 2013.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no transactions with related parties which are not in compliance with Section 177 and 188 of the Companies Act, 2013 and the details have been disclosed in the standalone financial statements, as required, by the applicable accounting standards.
- (xiv) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment, private placement of shares and fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For B S R & Associates LLP**

*Chartered Accountants*

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

**SANDEEP  
BATRA**

Digitally signed by SANDEEP BATRA  
Date: 2021.05.25 16:27:42 +05'30'

**Sandeep Batra**

Partner

Membership No. 093320

UDIN: 21093320AAAAAS9805

Place: Gurugram

Date: 25 May 2021



**Annexure B to the Independent Auditors' report on the standalone financial statements of Newgen Software Technologies Limited for the year ended 31 March 2021**

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

**(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Opinion**

We have audited the internal financial controls with reference to standalone financial statements of Newgen Software Technologies Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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

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

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

### **Meaning of Internal Financial controls with Reference to Standalone Financial Statements**

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

### **Inherent Limitations of Internal Financial controls with Reference to Standalone Financial Statements**

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

*For B S R & Associates LLP*

*Chartered Accountants*

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

**SANDEEP  
BATRA**

Digitally signed by  
SANDEEP BATRA  
Date: 2021.05.25  
16:30:13 +05'30'

**Sandeep Batra**

Partner

Membership No. 093320

UDIN: 21093320AAAAAS9805

Place: Gurugram

Date: 25 May 2021

**Newgen Software Technologies Limited**  
**Standalone Balance Sheet as at 31 March 2021**

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

	Note	As at 31 March 2021	As at 31 March 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	15,682.11	6,520.72
Capital work-in-progress	4	-	9,072.62
Right-of-use assets	19	4,239.66	6,007.01
Intangible assets	5	64.12	139.56
Investment in subsidiaries	6	1,420.34	1,417.65
<b>Financial assets</b>			
Loans	7	338.30	427.69
Other financial assets	8	3,345.83	351.48
Deferred tax assets (net)	33	1,913.69	2,269.32
Income tax assets (net)	9	985.84	1,581.18
Other non-current assets	10	6.83	91.20
<b>Total non-current assets</b>		<b>27,996.72</b>	<b>27,878.43</b>
<b>Current assets</b>			
<b>Financial assets</b>			
Investments	11	8,317.46	7,610.67
Trade receivables	12	17,541.07	23,813.20
Cash and cash equivalents	13	2,873.38	5,758.70
Other bank balances	13A	17,000.00	6,516.11
Loans	14	159.44	95.56
Other financial assets	15	9,817.16	8,260.42
Other current assets	16	591.65	651.75
<b>Total current assets</b>		<b>56,300.16</b>	<b>52,706.41</b>
<b>TOTAL ASSETS</b>		<b>84,296.88</b>	<b>80,584.84</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	17	6,930.60	6,908.98
Other equity	18		
Securities premium		10,173.59	10,069.59
Retained earnings		43,647.14	33,286.82
Others (including items of other comprehensive income)		2,597.76	2,427.16
<b>Total equity attributable to the owners of the Company</b>		<b>63,349.09</b>	<b>52,692.55</b>
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Lease liabilities	19	1,091.74	2,129.79
Provisions	20	2,844.25	2,320.24
<b>Total non-current liabilities</b>		<b>3,935.99</b>	<b>4,450.03</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Lease liabilities	19	475.32	1,217.24
Borrowings	21	-	7,453.21
Trade payables	22	2,387.20	3,149.06
Other financial liabilities	23	4,315.69	4,036.57
Deferred income	24	6,574.73	5,972.22
Other current liabilities	25	1,189.12	1,206.00
Provisions	26	446.52	407.96
Income tax liabilities (net)	9A	1,623.22	-
<b>Total current liabilities</b>		<b>17,011.80</b>	<b>23,442.26</b>
<b>Total liabilities</b>		<b>20,947.79</b>	<b>27,892.29</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>84,296.88</b>	<b>80,584.84</b>

Summary of significant accounting policies 3

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

As per our report of even date

**For B S R & Associates LLP**

Chartered Accountants

Firm Registration No.: 116231W / W-100024

**SANDEEP**  
BATRA

Digitally signed by SANDEEP  
BATRA  
Date: 2021.05.25 15:24:15  
+05'30'

**Sandeep Batra**

Partner

Membership No.: 093320

UDIN:21093320AAAAAS9805

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

**DIWAKAR**  
NIGAM

Digitally signed by  
DIWAKAR NIGAM  
Date: 2021.05.25  
14:24:11 +05'30'

**Diwakar Nigam**

Chairman & Managing Director

DIN: 00263222

**TRIMALAI**  
SUNDARAJA IYENGAR  
VARADARAJAN

**T.S.Varadarajan**

Whole Time Director

DIN: 00263115

**Arun Kumar**  
Gupta

Digitally signed by Arun Kumar Gupta  
Date: 2021.05.25 15:56:49 +05'30'

**Arun Kumar Gupta**

Chief Financial Officer

Membership No: 056859

**AMAN**  
MOURYA

Digitally signed by  
AMAN MOURYA  
Date: 2021.05.25  
14:33:42 +05'30'

**Aman Mourya**

Company Secretary

Membership No: F9975

Place: Gurugram  
Date: 25 May 2021

Place: New Delhi  
Date: 25 May 2021

Place: Chennai  
Date: 25 May 2021

Place: Noida  
Date: 25 May 2021

Place: Noida  
Date: 25 May 2021

Newgen Software Technologies Limited  
**Standalone Statement of Profit and Loss for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

	Note	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Income</b>			
Revenue from operations	27	61,039.47	57,740.12
Other income	28	1,430.95	2,084.60
<b>Total income</b>		<b>62,470.42</b>	<b>59,824.72</b>
<b>Expenses</b>			
Employee benefits expense	29	27,926.06	29,272.42
Finance costs	30	534.84	1,069.70
Depreciation and amortisation expense	31	1,851.48	1,807.80
Other expenses	32	15,188.91	19,116.44
<b>Total expenses</b>		<b>45,501.29</b>	<b>51,266.36</b>
<b>Profit before tax</b>		<b>16,969.13</b>	<b>8,558.36</b>
<b>Tax expense</b>			
Current tax	33	3,632.26	2,419.17
Tax expense for earlier years		1,288.86	-
Deferred tax charge / (credit)		288.58	(452.04)
<b>Income tax expense</b>		<b>5,209.70</b>	<b>1,967.13</b>
<b>Profit for the year</b>		<b>11,759.43</b>	<b>6,591.23</b>
<b>Other comprehensive income / (loss)</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of defined benefit liability (asset)		102.73	(106.35)
Income tax relating to items that will not be reclassified to profit or loss		(35.90)	37.16
<b>Net other comprehensive income / (loss) not to be reclassified subsequently to profit or loss</b>		<b>66.83</b>	<b>(69.19)</b>
<b>Items that will be reclassified subsequently to profit or loss</b>			
Debt instruments through other comprehensive income - net change in fair value		75.25	5.72
Income tax relating to items that will be reclassified to profit or loss		(26.30)	(2.00)
<b>Net other comprehensive income to be reclassified subsequently to profit or loss</b>		<b>48.95</b>	<b>3.72</b>
<b>Other comprehensive income / (loss) for the year, net of income tax</b>		<b>115.78</b>	<b>(65.47)</b>
<b>Total comprehensive income for the year</b>		<b>11,875.21</b>	<b>6,525.76</b>
<b>Profit attributable to:</b>			
Owners of the Company		11,759.43	6,591.23
<b>Profit for the year</b>		<b>11,759.43</b>	<b>6,591.23</b>
<b>Other comprehensive income / (loss) attributable to:</b>			
Owners of the Company		115.78	(65.47)
<b>Other comprehensive income / (loss) for the year</b>		<b>115.78</b>	<b>(65.47)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		11,875.21	6,525.76
<b>Total comprehensive income for the year</b>		<b>11,875.21</b>	<b>6,525.76</b>
<b>Earnings per equity share</b>			
Nominal value of share INR 10 (31 March 2020: INR 10)	34		
Basic earning per share (INR)		17.00	9.57
Diluted earning per share (INR)		16.82	9.52
Summary of significant accounting policies	3		

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

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

**SANDEEP BATRA**  
Digitally signed by SANDEEP BATRA  
Date: 2021.05.25 15:25:30 +05'30'

**Sandeep Batra**  
Partner  
Membership No.: 093320  
UDIN:21093320AAAAAS9805

Place: Gurugram  
Date: 25 May 2021

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

**DIWAKAR NIGAM**  
Digitally signed by DIWAKAR NIGAM  
Date: 2021.05.25 14:24:41 +05'30'

**Diwakar Nigam**  
Chairman & Managing Director  
DIN: 00263222

Place: New Delhi  
Date: 25 May 2021

**TIRUMALAI SUNDARAJA IYENGAR VARADARAJAN**  
Digitally signed by TIRUMALAI SUNDARAJA IYENGAR VARADARAJAN  
Date: 2021.05.25 15:18:40 +05'30'

**T.S.Varadarajan**  
Whole Time Director  
DIN: 00263115

Place: Chennai  
Date: 25 May 2021

**Arun Kumar Gupta**  
Digitally signed by Arun Kumar Gupta  
Date: 2021.05.25 15:18:40 +05'30'

**Arun Kumar Gupta**  
Chief Financial Officer  
Membership No: 056859

Place: Noida  
Date: 25 May 2021

**AMAN MOURYA**  
Digitally signed by AMAN MOURYA  
Date: 2021.05.25 14:33:07 +05'30'

**Aman Mourya**  
Company Secretary  
Membership No: F9975

Place: Noida  
Date: 25 May 2021

**Newgen Software Technologies Limited**  
**Standalone Statement of Changes in Equity for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

**a. Share capital**

Particulars	Equity share capital		Total share capital
	Number	Amount	Amount
Balance as at 1 April 2019	69,585,701	6,958.57	6,958.57
Add: Issued during the year to Newgen ESOP Trust	370,000	37.00	37.00
Balance as at 31 March 2020	69,955,701	6,995.57	6,995.57
Less: Shares held by Newgen ESOP Trust	865,888	86.59	86.59
<b>Total Share capital as at 31 March 2020</b>	<b>69,089,813</b>	<b>6,908.98</b>	<b>6,908.98</b>
Balance as at 1 April 2020	69,955,701	6,995.57	6,995.57
Balance as at 31 March 2021	69,955,701	6,995.57	6,995.57
Less: Shares held by Newgen ESOP Trust	649,696	64.97	64.97
<b>Total Share capital as at 31 March 2021</b>	<b>69,306,005</b>	<b>6,930.60</b>	<b>6,930.60</b>

**b. Other equity\***

Particulars	Securities premium	Retained earnings	Others				Items of Other comprehensive income		Total attributable to owners of the Company
			Capital redemption reserve	General reserve	Newgen ESOP Trust reserve	Share options outstanding reserve	Remeasurement of defined benefit liability	Debt instruments through OCI	
Balance as at 1 April 2019	9,977.92	29,414.27	87.95	1,731.39	257.78	459.20	(27.10)	16.80	41,918.21
Transition impact of Ind AS 116- Leases, net of taxes (refer note 19)	-	(202.00)	-	-	-	-	-	-	(202.00)
Restated balance as at 1 April 2019	9,977.92	29,212.27	87.95	1,731.39	257.78	459.20	(27.10)	16.80	41,716.21
<b>Total comprehensive income for the year ended 31 March 2020</b>									
Profit for the year	-	6,591.23	-	-	-	-	-	-	6,591.23
Other comprehensive income/(loss) (net of tax)	-	-	-	-	-	-	(69.19)	3.72	(65.47)
Securities premium on issue of shares to Newgen ESOP Trust	196.10	-	-	-	-	-	-	-	196.10
<b>Transactions with owners, recorded directly in equity</b>									
Addition to Newgen ESOP Trust reserve	-	-	-	-	39.69	-	-	-	39.69
<b>Contributions by and distributions to owners</b>									
Dividend on equity shares	-	(2,087.57)	-	-	-	-	-	-	(2,087.57)
Dividend distribution tax on dividend on equity shares	-	(429.11)	-	-	-	-	-	-	(429.11)
Employee stock compensation expense	-	-	-	-	-	87.03	-	-	87.03
(Gain) of debt instrument transferred to Statement of Profit and Loss	-	-	-	-	-	-	-	(19.63)	(19.63)
Transferred to securities premium account on exercise of stock options	140.48	-	-	-	-	(140.48)	-	-	-
Balance as at 31 March 2020	10,314.50	33,286.82	87.95	1,731.39	297.47	405.75	(96.29)	0.89	46,028.48
Less: Securities premium on shares held by Newgen ESOP Trust	244.91	-	-	-	-	-	-	-	244.91
Balance as at 31 March 2020	10,069.59	33,286.82	87.95	1,731.39	297.47	405.75	(96.29)	0.89	45,783.57
Balance as at 1 April 2020	10,314.50	33,286.82	87.95	1,731.39	297.47	405.75	(96.29)	0.89	46,028.48
Profit for the year	-	11,759.43	-	-	-	-	-	-	11,759.43
Other comprehensive income/(loss) (net of tax)	-	-	-	-	-	-	66.83	48.95	115.78
<b>Transactions with owners, recorded directly in equity</b>									
Addition to Newgen ESOP Trust reserve	-	-	-	-	106.85	-	-	-	106.85
<b>Contributions by and distributions to owners</b>									
Dividend on equity shares	-	(1,399.11)	-	-	-	-	-	-	(1,399.11)
Employee stock compensation expense	-	-	-	-	-	64.59	-	-	64.59
(Gain) of debt instrument transferred to Statement of Profit and Loss	-	-	-	-	-	-	-	9.00	9.00
Transferred to securities premium account on exercise of stock options	104.00	-	-	-	-	(125.62)	-	-	(21.62)
Balance as at 31 March 2021	10,418.50	43,647.14	87.95	1,731.39	404.32	344.72	(29.46)	58.84	56,663.40
Less: Securities premium on shares held by Newgen ESOP Trust	244.91	-	-	-	-	-	-	-	244.91
Balance as at 31 March 2021	10,173.59	43,647.14	87.95	1,731.39	404.32	344.72	(29.46)	58.84	56,418.49

\* Refer note 18

Summary of significant accounting policies

Note 3

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

As per our report of even date attached

**For B S R & Associates LLP**

Chartered Accountants

Firm Registration No.: 116231W / W-100024

**SANDEEP  
BATRA**

Digitally signed by SANDEEP BATRA  
Date: 2021.05.25 15:27:06 +05'30'

Sandeep Batra

Partner

Membership No.: 093320

UDIN: 21093320AAAAAS9805

Place: Gurugram

Date: 25 May 2021

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

**DIWAKA  
R NIGAM**

Digitally signed by  
DIWAKAR NIGAM  
Date: 2021.05.25  
14:25:19 +05'30'

Diwakar Nigam  
Chairman & Managing Director  
DIN: 00263222

Place: New Delhi

Date: 25 May 2021

**TIRUMALAI  
SUNDARAJA  
IYENGAR  
VARADARAJAN**

T.S.Varadarajan  
Whole Time Director  
DIN: 00263115

Place: Chennai

Date: 25 May 2021

**Arun  
Kumar  
Gupta**

Arun Kumar Gupta  
Chief Financial Officer  
Membership No: 056859

Place: Noida

Date: 25 May 2021

**AMAN  
MOURYA**

Digitally signed by AMAN  
MOURYA  
Date: 2021.05.25  
14:32:30 +05'30'

Place: Noida

Date: 25 May 2021

**Newgen Software Technologies Limited**  
**Standalone Statement of Cash Flows for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>A. Cash flows from operating activities</b>		
<b>Net profit before tax</b>	<b>16,969.13</b>	<b>8,558.36</b>
Adjustments for:		
Depreciation and amortisation	1,851.48	1,807.80
Gain on sale of property, plant and equipment	(10.16)	(1.10)
Loss allowance on trade receivables	2,149.62	1,736.67
Liabilities/ provision no longer required written back	(7.27)	(169.22)
Loss allowance on other financial assets	-	23.72
Unrealised foreign exchange gain	(10.61)	(349.95)
Share based payment - equity settled	61.90	82.82
Finance cost on lease liabilities	272.67	335.74
Finance cost	192.70	649.65
Fair value changes of financial assets at FVTPL	(70.60)	(173.01)
(Profit)/loss on sale of mutual funds (net) at FVTPL	(125.98)	6.85
Loss on redemption of bonds at FVTOCI	27.78	7.07
Interest income on security deposits at amortised cost	(38.69)	(40.09)
Interest income from government and other bonds at FVTOCI	(240.64)	(148.11)
Interest income from bank deposits	(754.90)	(804.15)
Profit on lease termination	(87.49)	-
<b>Operating cash flow before working capital changes</b>	<b>20,178.94</b>	<b>11,523.05</b>
Decrease/ (Increase) in trade receivables	4,133.12	(1,288.73)
Decrease/ (Increase) in loans	74.50	(108.73)
Increase in other financial assets	(1,350.05)	(1,753.07)
Decrease in other assets	84.94	29.37
Increase in provisions	665.30	346.37
Increase in other financial liabilities	727.25	171.84
Increase in other liabilities	585.63	992.08
(Decrease)/ Increase in trade payables	(754.59)	856.80
<b>Cash generated from operations</b>	<b>24,345.04</b>	<b>10,768.98</b>
Income taxes paid (net)	(2,855.62)	(2,990.58)
<b>Net cash generated from operating activities (A)</b>	<b>21,489.42</b>	<b>7,778.40</b>
<b>B. Cash flows from investing activities</b>		
Acquisition or construction of property plant and equipment including intangible assets, capital work-in-progress and capital	(1,166.15)	(4,330.75)
Proceeds from sale of property plant and equipment	12.33	2.79
Purchase of mutual funds and bonds	(14,893.36)	(4,742.85)
Proceeds from redemption of mutual funds and bonds	14,444.43	2,467.46
Interest received from bonds	168.20	168.30
Interest received from bank deposits	626.40	501.70
Investment in subsidiary company	-	(491.05)
Investment in bank deposits (net of maturities)	(13,483.99)	(4,415.08)
<b>Net cash used in investing activities (B)</b>	<b>(14,292.14)</b>	<b>(10,839.48)</b>
<b>C. Cash flows from financing activities</b>		
(Repayment of) / proceeds from short-term borrowings (net)	(7,453.21)	454.03
Repayment of lease liabilities	(1,297.51)	(2,258.91)
Proceeds from issue of equity shares under ESOP scheme	-	380.97
Dividend paid	(1,399.11)	(2,087.57)
Dividend distribution tax	-	(429.11)
Interest expense on borrowings	(86.71)	(635.26)
Gain on transfer of equity shares by Newgen ESOP trust	153.94	39.69
<b>Net cash used in financing activities (C)</b>	<b>(10,082.60)</b>	<b>(4,536.16)</b>
<b>Net decrease in cash and cash equivalents (A + B + C)</b>	<b>(2,885.32)</b>	<b>(7,597.24)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>5,758.70</b>	<b>13,355.94</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2,873.38</b>	<b>5,758.70</b>
<b>Components of cash and cash equivalents: (refer note 13)</b>		
Cash in hand	3.08	4.51
Balances with banks:		
- in current accounts	2,710.30	1,754.19
- balances with scheduled banks in deposit accounts with original maturity of less than 3 months	160.00	4,000.00
	<b>2,873.38</b>	<b>5,758.70</b>

**Notes:**

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

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

As per our report of even date attached

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

**SANDEEP BATRA**  
Digitally signed by SANDEEP BATRA  
Date: 2021.05.25  
15:29:06 +05'30'

**Sandeep Batra**  
Partner  
Membership No.: 093320  
UDIN: 21093320AAAAAS9805

Place: Gurugram  
Date: 25 May 2021

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

**DIWAKAR NIGAM**  
Digitally signed by DIWAKAR NIGAM  
Date: 2021.05.25  
14:26:07 +05'30'

**Diwakar Nigam**  
Chairman & Managing Director  
DIN: 00263222

Place: New Delhi  
Date: 25 May 2021

**TIRUMALAI SUNDARAJA IYENGAR VARADARAJAN**  
Digitally signed by TIRUMALAI SUNDARAJA IYENGAR VARADARAJAN  
Date: 2021.05.25  
14:26:07 +05'30'

**T.S.Varadarajan**  
Whole Time Director  
DIN: 00263115

Place: Chennai  
Date: 25 May 2021

**Arun Kumar Gupta**  
Digitally signed by Arun Kumar Gupta  
Date: 2021.05.25  
14:31:54 +05'30'

**Arun Kumar Gupta**  
Chief Financial Officer  
Membership No: 056859

Place: Noida  
Date: 25 May 2021

**AMAN MOURYA**  
Digitally signed by AMAN MOURYA  
Date: 2021.05.25  
14:31:54 +05'30'

**Aman Mourya**  
Company Secretary  
Membership No: F9975

Place: Noida  
Date: 25 May 2021

**Newgen Software Technologies Limited**  
**Notes to standalone financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

---

## **1. Background**

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

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

## **2. Basis of Preparation**

### **A. Statement of compliance**

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

The financial statements were authorised for issue by the Company's Board of Directors on 24 May 2021.

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:

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

#### **D. Use of estimates and judgements**

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

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 3(i) and Note 27 – revenue recognition from fixed price contracts of software implementation services: percentage of completion method to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended.
- Note 3(l) and Note 19 – determination of lease term;

##### ***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 2021 is included in the following notes:

- Note 3(c)(iii) – Estimation of Useful lives of intangible assets and Property, plant and equipment
- Note 29 – Measurement of defined benefit obligations: key actuarial assumptions;
- Note 33 – Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 35 – Fair value of share based payments
- Note 44(a) – Impairment of trade receivables and financial assets.
- Note 19 – Recognition of right of use asset and lease liability

##### ***Impact of COVID-19 (pandemic)***

The Company has taken into account all the possible impacts of COVID-19 in preparation of these standalone financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue recognition owing to changes in cost budgets of fixed price contracts and impact on leases. The Company has carried out this assessment based on available internal and external sources of information upto the date of approval of these standalone financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the standalone financial statements may differ from that estimated as at the date of approval of these standalone financial statements owing to the nature and duration of COVID-19



#### **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.

**Newgen Software Technologies Limited**  
**Notes to standalone financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

---

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

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

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

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

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

Note 35 – Share-based payment arrangements; and

Note 44 – Financial instruments.

### **3. Significant Accounting Policies**

#### **a. Foreign currency**

##### *i. Functional currency*

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

##### *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,

**Newgen Software Technologies Limited**  
**Notes to standalone financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

---

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.

**Newgen Software Technologies Limited**  
**Notes to standalone financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

---

*Equity investments at FVOCI*

*These assets are subsequently measured at fair value. Dividends are recognized as income in Statement of 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 Statement of 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.

**Newgen Software Technologies Limited**  
**Notes to standalone financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

---

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 Statement of profit or loss.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not ready to use before such date are disclosed under 'Capital work-in-progress.

*ii. Subsequent expenditure*

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

*iii. Depreciation*

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

**Newgen Software Technologies Limited**  
**Notes to standalone financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

---

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

<b>Category of property, plant and equipment</b>	<b>Estimated useful life (Years)</b>
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.

##### *Amortization*

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.

**Newgen Software Technologies Limited**  
**Notes to standalone financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

---

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 Statement of 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



**Newgen Software Technologies Limited**  
**Notes to standalone financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

---

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

**Newgen Software Technologies Limited**  
**Notes to standalone financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

---

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.

*Onerous contracts*

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

**h. Contingent liabilities**

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

**i. Revenue**

Effective 1 April 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS

**Newgen Software Technologies Limited**  
**Notes to standalone financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

---

115 using the cumulative effect method. The adoption of the standard did not have any material impact to the Standalone financial statements of the Company.

Revenues from customer's contracts are considered for recognition and measurement when the contract has been approved by the parties, in writing, to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Company has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

*i. Sale of License*

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

*ii. Rendering of services*

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

*Software Implementation Services*

The revenue from fixed price contracts for software implementation is recognized based on proportionate completion method based on hours expended, and foreseeable losses on the completion of contract, if any are recognized immediately. Efforts or costs expended have been used to determine progress towards completion as there is a direct relationship between input and productivity. Progress towards completion is measured as the ratio of costs or efforts incurred to date (representing work performed) to the estimated total costs or efforts. Estimates of transaction price and total costs or efforts are continuously monitored over the lives of the contracts and are recognized in profit or loss in the period when these estimates change or when the estimates are revised. Revenues and the estimated total costs or efforts are subject to revision as the contract progresses. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

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

*Digitization services*

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

*Annual Technical services*

**Newgen Software Technologies Limited**  
**Notes to standalone financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

---

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

*iii. Sale of right to use software*

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

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

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

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

*iv. Multiple deliverable arrangements*

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

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

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

Revenue from subsidiaries is recognised based on transaction price which is at arm’s length.

**Newgen Software Technologies Limited**  
**Notes to standalone financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

---

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue (“contract liability”) is recognised when there is billings in excess of revenues.

**j. Recognition of dividend income, interest income or expense**

Dividend income is recognised in Statement of 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**

**The Company as a lessee**

The Company’s lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

**Newgen Software Technologies Limited**  
**Notes to standalone financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

---

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

**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

**Newgen Software Technologies Limited**  
**Notes to standalone financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

---

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

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

*ii. Deferred tax*

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

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

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

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

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

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

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

**n. Cash and cash equivalents**

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



**o. Earnings per share (“EPS”)**

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

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

**p. Share Capital**

*Equity Shares*

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

*Dividends*

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

**q. Basis of segmentation**

*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 46 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.

**Newgen Software Technologies Limited**

**Notes to standalone financial statements for the year ended 31 March 2021**

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

---

**t. Standards issued but not yet effective**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2021.

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#
<b>Cost</b>											
Balance as at 1 April 2019	4.28	3,523.68	1,706.42	331.37	5.99	244.85	422.01	290.33	1,352.78	7,881.71	8,321.36
Transition impact of Ind AS 116 (refer note 19)	-	(3,523.68)	-	-	-	-	-	-	-	(3,523.68)	-
Additions during the year	-	-	2,386.00	141.87	-	-	745.32	61.20	431.06	3,765.45	3,959.24
Capitalized during the year	-	-	-	-	-	-	-	-	-	-	(3,207.98)
Less: Disposals during the year	-	-	-	14.40	-	-	7.05	3.90	37.61	62.96	-
<b>Balance as at 31 March 2020</b>	<b>4.28</b>	<b>-</b>	<b>4,092.42</b>	<b>458.84</b>	<b>5.99</b>	<b>244.85</b>	<b>1,160.28</b>	<b>347.63</b>	<b>1,746.23</b>	<b>8,060.52</b>	<b>9,072.62</b>
Additions during the year	4.28	-	4,092.42	458.84	5.99	244.85	1,160.28	347.63	1,746.23	8,060.52	9,072.62
Capitalized during the year	-	-	8,802.73	299.31	-	-	171.46	283.97	284.12	9,841.59	437.91
Less: Disposals during the year	-	-	-	-	-	-	-	-	-	-	(9,510.53)
<b>Balance as at 31 March 2021</b>	<b>4.28</b>	<b>-</b>	<b>12,895.15</b>	<b>742.07</b>	<b>5.99</b>	<b>228.65</b>	<b>1,315.30</b>	<b>614.89</b>	<b>1,947.94</b>	<b>17,754.27</b>	<b>-</b>
<b>Accumulated Depreciation</b>											
Balance as at 1 April 2019	-	118.50	71.87	106.80	5.99	76.43	145.49	88.11	591.93	1,205.12	-
Transition impact of Ind AS 116 (refer note 19)	-	(118.50)	-	-	-	-	-	-	-	(118.50)	-
Additions during the year	-	-	40.66	42.05	-	34.58	70.75	36.39	290.02	514.45	-
Less: Disposals during the year	-	-	-	13.95	-	-	6.99	3.25	37.08	61.27	-
<b>Balance as at 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>112.53</b>	<b>134.90</b>	<b>5.99</b>	<b>111.01</b>	<b>209.25</b>	<b>121.25</b>	<b>844.87</b>	<b>1,539.80</b>	<b>-</b>
Additions during the year	-	-	112.53	134.90	5.99	111.01	209.25	121.25	844.87	1,539.80	-
Less: Disposals during the year	-	-	106.56	54.56	-	34.49	128.61	45.51	308.30	678.03	-
<b>Balance as at 31 March 2021</b>	<b>-</b>	<b>-</b>	<b>219.09</b>	<b>173.97</b>	<b>5.99</b>	<b>129.30</b>	<b>321.61</b>	<b>151.22</b>	<b>1,070.98</b>	<b>2,072.16</b>	<b>-</b>
<b>Carrying amount (net)</b>											
Balance as at 31 March 2020	4.28	-	3,979.89	323.94	-	133.84	951.03	226.38	901.36	6,520.72	9,072.62
Balance as at 31 March 2021	4.28	-	12,676.06	568.10	-	99.35	993.69	463.67	876.96	15,682.11	-

As at 31 March 2021 properties with a carrying amount of INR 374.60 lakhs (31 March 2020 : INR 382.70 lakhs) are subject to first charge to working capital loans from banks.

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

# Capital work in progress represents acquisition and further construction of office premises at Noida, Uttar Pradesh wherein cost incurred upto 31 March 2020 amounting to INR 9,072.62 lakhs. During the year ended 31 March 2021, additional cost was incurred amounting to Rs. INR 437.91 lakhs on construction of building and the total amount of INR 9,510.53 lakhs was capitalised during the year.

5 Intangible assets

	Computer software
<b>Cost</b>	
Balance as at 1 April 2019	304.25
Additions during the year	97.69
<b>Balance as at 31 March 2020</b>	<b>401.94</b>
Additions during the year	8.56
<b>Balance as at 31 March 2021</b>	<b>410.50</b>
<b>Accumulated Amortisation</b>	
Balance as at 1 April 2019	173.70
Additions during the year	88.68
<b>Balance as at 31 March 2020</b>	<b>262.38</b>
Additions during the year	84.01
<b>Balance as at 31 March 2021</b>	<b>346.39</b>
<b>Carrying amount (net)</b>	
Balance as at 31 March 2020	139.56
Balance as at 31 March 2021	64.12

**Newgen Software Technologies Limited**  
**Notes to the standalone financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

**6 Investment in subsidiaries**

**Investments in equity instruments - at cost (unquoted)**

	As at 31 March 2021	As at 31 March 2020
6,000 (31 March 2020: 6,000) common shares of USD 200 each, fully paid up of Newgen Software Inc. USA.	530.09	528.10
1,000,000 (31 March 2020: 1,000,000) common shares of CAD 0.10 each, fully paid up of Newgen Software Technologies Canada, Limited.	56.52	56.52
250,000 (31 March 2020: 250,000) ordinary shares of SGD 1 each, fully paid up of Newgen Software Technologies Pte. Limited.	117.44	116.74
210,000 (31 March 2020: 210,000) equity shares of INR 10 each, fully paid up of Newgen Computers Technologies Limited.	46.50	46.50
20,000,000 (31 March 2020: 20,000,000) common stock of GBP 0.01 each, fully paid up of Newgen Software Technologies (UK) Ltd.	178.74	178.74
1,000,000 (31 March 2020: 1,000,000) common shares of AUD 1 each, fully paid up of Newgen Software Technologies Pty Ltd.	491.05	491.05
	<b>1,420.34</b>	<b>1,417.65</b>
Aggregate book value of unquoted investments	1,420.34	1,417.65

Increase in investment represents deemed investment on account of share based payment awards granted to the employees of subsidiaries of the Company.

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

	As at 31 March 2021	As at 31 March 2020
Security deposits	338.30	427.69
	<b>338.30</b>	<b>427.69</b>

**8 Other financial assets (non-current)**

	As at 31 March 2021	As at 31 March 2020
Bank deposits		
- pledged with tax authorities	4.42	4.14
- held as margin money	3,282.03	282.21
Interest accrued on deposits	47.10	30.74
Earnest money deposits		
Unsecured, considered good	12.28	34.39
Unsecured, considered doubtful	164.75	164.75
Less: Loss allowance for doubtful deposits	(164.75)	(164.75)
	<b>3,345.83</b>	<b>351.48</b>

\*Bank deposits held as margin money represents deposits made on account of guarantees issued to government customers amounting to INR 282.03 lakhs (31 March 2020: INR 282.21 lakhs) and deposits made to avail overdraft facilities amounting to INR 3,000.00 lakhs (31 March 2020: INR Nil). Information about Company's exposure to credit and market risks and fair value measurement is included in Note 43(c).

**9 Income tax assets (net)**

	As at 31 March 2021	As at 31 March 2020
Advance income tax (net of provision of INR 5,453.20 lakhs (31 March 2020: INR 12,005.47 lakhs))	985.84	1,581.18
	<b>985.84</b>	<b>1,581.18</b>

**9A Income tax liabilities (net)**

	As at 31 March 2021	As at 31 March 2020
Provision for tax (net of advance tax of INR 7,084.45 lakhs (31 March 2020: INR Nil))	1,623.22	-
	<b>1,623.22</b>	<b>-</b>

**10 Other non-current assets**

	As at 31 March 2021	As at 31 March 2020
Prepaid expenses	6.83	31.66
Capital advances	-	59.54
	<b>6.83</b>	<b>91.20</b>

**11 Investments (refer note 41)**

	As at 31 March 2021	As at 31 March 2020
<b>Investments in bonds (unquoted)</b>		
Bonds at FVOCI		
Investment in government bonds	3,561.72	1,982.38
Investment in other bonds	-	608.54
	<b>3,561.72</b>	<b>2,590.92</b>
<b>Investments in mutual funds (unquoted)</b>		
Mutual funds at FVTPL	4,755.74	5,019.75
	<b>4,755.74</b>	<b>5,019.75</b>
	<b>8,317.46</b>	<b>7,610.67</b>
Aggregate book value of unquoted investments	8,317.46	7,610.67

Investments in bonds measured at FVOCI have stated interest rates of 7.04% to 8.63%. Information about Company's exposure to credit and market risks and fair value measurement is included in Note 43(c).

**Newgen Software Technologies Limited**  
**Notes to the standalone financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

	As at 31 March 2021	As at 31 March 2020
<b>12 Trade receivables</b>		
<b>(Unsecured, considered good, unless stated otherwise)</b>		
Unsecured*		
- Considered good	17,541.07	23,813.20
- Considered doubtful	3,989.38	4,830.79
	<b>21,530.45</b>	<b>28,643.99</b>
Less: Loss allowance for trade receivables		
- unsecured, considered doubtful	(3,989.38)	(4,830.79)
	<b>17,541.07</b>	<b>23,813.20</b>

\*Includes balance receivables from related parties. For details refer note 42

No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, director or a member.

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

The Company's exposure to credit and currency risks and loss allowances related to trade receivables are discussed in note 43(c).

	As at 31 March 2021	As at 31 March 2020
<b>13 Cash and cash equivalents</b>		
Cash on hand	3.08	4.51
Balances with banks		
- in current accounts*	2,710.30	1,754.19
Balances with scheduled banks in deposit accounts with original maturity of less than 3 months	160.00	4,000.00
	<b>2,873.38</b>	<b>5,758.70</b>

\*Current account balances with banks include INR 142.43 lakhs (31 March 2020: INR 118.65 lakhs) held at a foreign branch.

	As at 31 March 2021	As at 31 March 2020
<b>13A Other bank balances</b>		
Balances with scheduled banks in deposit accounts		
- Original maturity of less than 12 months	17,000.00	6,516.11
	<b>17,000.00</b>	<b>6,516.11</b>

	As at 31 March 2021	As at 31 March 2020
<b>14 Current financial assets - Loans</b>		
Loans to employees*	9.04	7.54
Security deposits	150.40	88.02
	<b>159.44</b>	<b>95.56</b>

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

	As at 31 March 2021	As at 31 March 2020
<b>15 Current financial assets - Others</b>		
<b>(unsecured considered good, unless otherwise stated)</b>		
Interest accrued on deposits	519.11	406.97
Interest accrued but not due on government bonds	158.87	86.43
Unbilled revenue*		
- other than related parties	6,926.03	7,767.02
- related parties	2,213.15	-
	<b>9,817.16</b>	<b>8,260.42</b>

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

During the year ended 31 March 2021 INR 3,224.27 lakhs of unbilled revenue as of 1 April 2020 has been reclassified to trade receivables upon billing to customers on completion of milestones.

	As at 31 March 2021	As at 31 March 2020
<b>16 Other current assets</b>		
Advances to vendors	12.65	11.29
Deferred contract cost	93.90	123.00
Advance to employees	24.52	138.02
Prepaid expenses	460.58	362.30
Other current assets	-	17.14
	<b>591.65</b>	<b>651.75</b>

17 Share capital

	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised share capital</b>				
Equity shares of INR 10 each	98,000,200	9,800.02	98,000,200	9,800.02
0.01% Compulsory convertible preference shares of INR 10 each	11,999,800	1,199.98	11,999,800	1,199.98
	<b>110,000,000</b>	<b>11,000.00</b>	<b>110,000,000</b>	<b>11,000.00</b>

	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount	Number of shares	Amount
<b>Issued, subscribed and paid up</b>				
Equity share capital of INR 10 each, fully paid up	69,955,701	6,995.57	69,585,701	6,958.57
Add: Issued during the year to Newgen ESOP Trust	-	-	370,000	37.00
<b>Balance</b>	<b>69,955,701</b>	<b>6,995.57</b>	<b>69,955,701</b>	<b>6,995.57</b>
Less: Shares held by Newgen ESOP Trust	649,696	64.97	865,888	86.59
<b>Total Share capital</b>	<b>69,306,005</b>	<b>6,930.60</b>	<b>69,089,813</b>	<b>6,908.98</b>

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

	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount	Number of shares	Amount
<b>Equity share capital of INR 10 each, fully paid up</b>				
At the beginning of the year	69,955,701	6,995.57	69,585,701	6,958.57
Add: Issued during the year to Newgen ESOP Trust	-	-	370,000	37.00
At the end of the year	<b>69,955,701</b>	<b>6,995.57</b>	<b>69,955,701</b>	<b>6,995.57</b>
Less: Shares held by Newgen ESOP Trust	649,696	64.97	865,888	86.59
<b>Total equity share capital</b>	<b>69,306,005</b>	<b>6,930.60</b>	<b>69,089,813</b>	<b>6,908.98</b>

**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.

**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 2021		As at 31 March 2020	
	Number of shares	% Holding	Number of shares	% Holding
- Mr. Diwakar Nigam	18,472,406	26.41%	18,472,406	26.41%
- Mr. T.S. Varadarajan	15,009,306	21.46%	15,009,306	21.46%
- Mrs. Priyadarshini Nigam	7,968,906	11.39%	7,968,906	11.39%
- Mrs. Usha Varadarajan	4,528,320	6.47%	4,528,320	6.47%
- Malabar India Fund Limited	4,978,931	7.12%	5,678,931	8.12%

**17 B Shares reserved for issue under Employee stock option plan**

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

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

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 2021	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2017
Equity shares of INR 10 each	-	370,000	350,000	1,050,000	-

**18 Other equity**

Securities premium
Retained earnings
Capital redemption reserve
General reserve
Newgen ESOP Trust reserve
Share options outstanding reserve
Other comprehensive gain/ (loss)

	As at	As at
	31 March 2021	31 March 2020
	10,173.59	10,069.59
	43,647.14	33,286.82
	87.95	87.95
	1,731.39	1,731.39
	404.32	297.47
	344.72	405.75
	29.38	(95.40)
	<b>56,418.49</b>	<b>45,783.57</b>

**Securities premium (refer note (i) below)**

Balance as at beginning of the year
Securities premium on issue of shares to Newgen ESOP Trust
Transferred from share options outstanding reserve on exercise of stock options
Balance as at end of the year
Less: Securities premium on shares held by Newgen ESOP Trust
Balance as at end of the year

	As at	As at
	31 March 2021	31 March 2020
	10,314.50	9,977.92
	-	196.10
	104.00	140.48
	<b>10,418.50</b>	<b>10,314.50</b>
	244.91	244.91
	<b>10,173.59</b>	<b>10,069.59</b>

**Retained earnings (refer note (ii) below)**

Balance as at beginning of the year
Transition impact of Ind AS 116-Leases, net of tax (refer note 19)
Profit for the year
Dividend on equity shares
Dividend distribution tax on dividend on equity shares
Balance as at end of the year

	As at	As at
	31 March 2021	31 March 2020
	33,286.82	29,414.27
	-	(202.00)
	11,759.43	6,591.23
	(1,399.11)	(2,087.57)
	-	(429.11)
	<b>43,647.14</b>	<b>33,286.82</b>

**Capital redemption reserve**

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

	As at	As at
	31 March 2021	31 March 2020
	87.95	87.95
	<b>87.95</b>	<b>87.95</b>

**General reserve**

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

	As at	As at
	31 March 2021	31 March 2020
	1,731.39	1,731.39
	<b>1,731.39</b>	<b>1,731.39</b>

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

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

	As at	As at
	31 March 2021	31 March 2020
	297.47	257.78
	106.85	39.69
	<b>404.32</b>	<b>297.47</b>

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

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

	As at	As at
	31 March 2021	31 March 2020
	405.75	459.20
	64.59	87.03
	(125.62)	(140.48)
	<b>344.72</b>	<b>405.75</b>

**Other comprehensive income/(loss) (refer note (v) below)**

**Remeasurement of defined benefit liability**

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

	As at	As at
	31 March 2021	31 March 2020
	(96.29)	(27.10)
	66.83	(69.19)
	<b>(29.46)</b>	<b>(96.29)</b>

**Debt instruments through other comprehensive income**

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

	As at	As at
	31 March 2021	31 March 2020
	0.89	16.80
	48.95	3.72
	9.00	(19.63)
	<b>58.84</b>	<b>0.89</b>

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

**Newgen Software Technologies Limited**  
**Notes to the standalone financial statements for the year ended 31 March 2021**  
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

**19 Right-of-use assets**

Changes in the carrying value of right of use assets for the year ended 31 March 2020

Particulars	Category of ROU asset		Total
	Leasehold land	Buildings	
Balance as at 1 April 2019*	-	1,381.90	1,381.90
Reclassified on account of adoption of Ind AS 116	3,405.18	-	3,405.18
Addition	-	2,483.05	2,483.05
Termination of Leases	-	(58.45)	(58.45)
Depreciation	(39.40)	(1,165.27)	(1,204.67)
<b>Balance as at 31 March 2020</b>	<b>3,365.78</b>	<b>2,641.23</b>	<b>6,007.01</b>

Changes in the carrying value of right of use assets for the year ended 31 March 2021

Particulars	Category of ROU asset		Total
	Leasehold land	Buildings	
Balance as at 1 April 2020	3,365.78	2,641.23	6,007.01
Termination of Leases	-	(677.91)	(677.91)
Depreciation	(39.30)	(1,050.14)	(1,089.44)
<b>Balance as at 31 March 2021</b>	<b>3,326.48</b>	<b>913.18</b>	<b>4,239.66</b>

\*Right of use assets recognised in the balance sheet at the date of initial recognition.

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss.(refer note 31)

**Lease liabilities**

**Break up of current and non-current lease liabilities as at 31 March 2021**

Particulars	As at	As at
	31 March 2021	31 Mar 2020
Non-current lease liabilities	1,091.74	2,129.79
Current lease liabilities	475.32	1,217.24
<b>Total</b>	<b>1,567.06</b>	<b>3,347.03</b>

**Movement in lease liabilities during the year ended 31 March 2020**

Particulars	As at
	31 Mar 2020
Balance as at 1 April 2019 <sup>#</sup>	1,578.15
Reclassified on account of adoption of Ind AS 116	1,320.15
Addition	2,434.24
Finance cost	335.74
Deletion	(62.35)
Payment of lease liabilities	(2,258.90)
<b>Balance as at 31 March 2020</b>	<b>3,347.03</b>

**Movement in lease liabilities during the year ended 31 March 2021**

Particulars	As at
	31 March 2021
Balance as at 1 April 2020	3,347.03
Addition	-
Finance cost	272.67
Deletion	(755.09)
Payment of lease liabilities	(1,297.51)
<b>Balance as at 31 March 2021</b>	<b>1,567.10</b>

<sup>#</sup>Lease liabilities recognised in the balance sheet at the date of initial recognition.

**Details regarding the contractual maturities of lease liabilities as at 31 March 2021 on an undiscounted basis:**

Particulars	As at	As at
	31 March 2021	31 Mar 2020
Less than one year	555.28	1,499.01
One to five years	946.79	2,020.39
More than five years	5,201.79	5,267.64
<b>Total</b>	<b>6,703.86</b>	<b>8,787.04</b>

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

**Finance lease**

The Company has leases that were classified as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of Ind AS 116 is the carrying amount of the lease asset and lease liability on the transition date as measured applying Ind AS 17. Accordingly, during the year ended 31 March 2020, an amount of Rs.3,405.18 lakhs has been reclassified from property, plant and equipment to right-of-use assets. An amount of Rs. 291.59 lakhs has been reclassified from other current financial liabilities to lease liability – current and an amount of Rs. 1,028.55 lakhs has been reclassified from Non-current financial liabilities to lease liability – non-current.

Rental expense recorded for short-term leases was INR 94.31 lakhs for the year ended 31 March 2021 (31 March 2020: INR 280.38 lakhs)

Effective interest rate of 10.43% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.



**Newgen Software Technologies Limited**  
**Notes to the standalone financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

**20 Non-current provisions**

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

	As at 31 March 2021	As at 31 March 2020
	2,196.75	1,799.02
	647.50	521.22
	<b>2,844.25</b>	<b>2,320.24</b>

**21 Current financial liabilities - Borrowings**

Loans from banks  
Pre-shipment loans (secured)\*

	As at 31 March 2021	As at 31 March 2020
	-	7,453.21
	-	<b>7,453.21</b>

\*Pre-shipment loans carry interest rate @ LIBOR plus margin which varied from 1.47% to 3.70% 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 374.60 lakhs (31 March 2020: INR 382.70 lakhs) and are repayable within 180 days from the date of disbursement.

**22 Trade payables**

- Total outstanding dues to micro enterprises and small enterprises  
- Total outstanding dues to creditors other than micro and small enterprises

	As at 31 March 2021	As at 31 March 2020
	-	-
	2,387.20	3,149.06
	<b>2,387.20</b>	<b>3,149.06</b>

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 42 for dues to related parties

c) The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 43(c).

**23 Current financial liabilities - Others**

Employee related payables  
Payable in respect of retention money  
Interest accrued but not due on deferred liability  
Earnest money deposits  
Payable for capital assets

	As at 31 March 2021	As at 31 March 2020
	4,169.87	3,428.23
	127.82	180.54
	-	14.39
	1.00	1.00
	17.00	412.41
	<b>4,315.69</b>	<b>4,036.57</b>

**24 Deferred income**

Advance billing\*  
Advance from customers

	As at 31 March 2021	As at 31 March 2020
	6,542.05	5,940.17
	32.68	32.05
	<b>6,574.73</b>	<b>5,972.22</b>

\*Changes in deferred income (advance billing) is as follows:

**Balance at the beginning of the year**

Revenue recognised that was included in deferred income at the beginning of the year

Increase due to invoicing during the year, excluding amount recognised as revenue during the year

**Balance at the end of the year**

	As at 31 March 2021	As at 31 March 2020
	5,940.17	4,625.39
	(5,739.60)	(4,363.29)
	6,341.48	5,678.07
	<b>6,542.05</b>	<b>5,940.17</b>

**25 Other current liabilities**

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

	As at 31 March 2021	As at 31 March 2020
	1,185.09	1,178.45
	0.26	21.22
	3.77	6.33
	<b>1,189.12</b>	<b>1,206.00</b>

**26 Current provisions**

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

	As at 31 March 2021	As at 31 March 2020
	313.84	278.87
	132.68	129.09
	<b>446.52</b>	<b>407.96</b>

**27 Revenue from operations**

	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>
Sale of products - softwares	11,857.65	11,114.81
Sale of services		
- Implementation	13,253.68	14,729.93
- Scanning	702.82	954.90
- AMC/ATS	14,396.97	12,011.51
- Support	16,900.50	16,530.68
- SaaS revenue	3,927.85	2,398.29
	<b>61,039.47</b>	<b>57,740.12</b>

**Performance obligations and remaining performance obligations**

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

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

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

The aggregate value of performance obligations that are completely or partially unsatisfied as at 31 March 2021, other than those meeting the exclusion criteria mentioned above is INR Nil.

**28 Other income**

	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>
Interest income under the effective interest rate method:		
- on security deposits at amortised cost	38.69	40.09
- government and other bonds at FVOCI	240.64	148.11
Interest income on deposit with banks	754.90	804.15
Gain on lease termination	87.49	6.05
Gain on sale of property, plant and equipment	10.16	1.10
Profit on sale of mutual funds (net) at FVTPL	132.79	-
Fair value changes of financial assets at FVTPL	70.60	173.01
Liabilities / provision no longer required written back	7.27	169.22
Net foreign exchange fluctuation gain	-	704.25
Bad debts recovered	43.10	-
Miscellaneous income	45.31	38.62
	<b>1,430.95</b>	<b>2,084.60</b>

**29 Employee benefits expense**

	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>
Salaries, wages and bonus	25,747.74	26,971.54
Contribution to provident funds (refer note i below)	995.96	994.27
Expenses related to compensated absences (refer note ii below)	419.26	352.27
Share based payment - equity settled	61.90	82.82
Expense related to defined benefit plan (refer note iii below)	614.89	371.73
Staff welfare expenses	86.31	499.79
	<b>27,926.06</b>	<b>29,272.42</b>

**(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 995.96 lakhs (31 March 2020: INR 994.27 lakhs). The amount recognised as an expense towards employee state insurance aggregated to INR 0.88 lakhs (31 March 2020: INR 1.26 lakhs).

**(ii) Compensated absences:**

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

	<b>31 March 2021</b>	<b>31 March 2020</b>
Discounting rate (p.a.)	6.88%	6.90%
Future salary increase ( p.a.)	6.00%	6.00%

**(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.

**Newgen Software Technologies Limited**  
**Notes to the standalone financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

**A. Movement in net defined benefit (asset) liability**

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

Particulars	As at	As at
	31 March 2021	31 March 2020
<b>Balance at the beginning of the year</b>	<b>2,077.89</b>	<b>1,740.26</b>
Benefits paid	(123.72)	(129.12)
Current service cost	471.52	238.43
Interest cost	143.37	133.30
Actuarial (gains) losses recognised in OCI		
change in demographic assumptions	20.87	(21.33)
change in financial assumptions	3.28	(33.40)
experience adjustments	(82.63)	149.75
<b>Balance at the end of the year</b>	<b>2,510.58</b>	<b>2,077.89</b>

**B. i) Expense recognised in profit and loss**

Particulars	For the year ended	For the year ended
	31 March 2021	31 March 2020
Current service cost	471.52	238.43
Interest cost	143.37	133.30
<b>Total expense recognised in Statement of profit and loss</b>	<b>614.89</b>	<b>371.73</b>

**ii) Remeasurements recognised in other comprehensive income**

Particulars	For the year ended	For the year ended
	31 March 2021	31 March 2020
Actuarial loss on defined benefit obligation	(58.48)	95.02
<b>Total remeasurements recognised in other comprehensive income</b>	<b>(58.48)</b>	<b>95.02</b>

**C. Defined benefit obligations**

**i. Actuarial assumptions**

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

	For the year ended	For the year ended
	31 March 2021	31 March 2020
Discount rate	6.88	6.90
Salary escalation rate	6.00	6.00
Mortality rate	100% of IALM (2012 - 14)	100% of IALM (2012 - 14)

**ii. Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the

	31 March 2021		31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(77.78)	83.10	(73.76)	79.01
Future salary growth (0.50% movement)	83.40	(78.76)	79.32	(74.70)

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 and life expectancy are not applicable being a lump sum benefit on retirement.

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

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

	31 March 2021	31 March 2020
<b>Net defined benefit liability</b>		
Liability for gratuity	2,510.58	2,077.89
Liability for compensated absences	780.17	650.31
<b>Total employee benefit liabilities</b>	<b>3,290.75</b>	<b>2,728.20</b>
<b>Non-current:</b>		
Gratuity	2,196.75	1,799.02
Compensated absences	647.50	521.22
<b>Current:</b>		
Gratuity	313.84	278.87
Compensated absences	132.68	129.09

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

**Newgen Software Technologies Limited**  
**Notes to the standalone financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

**30 Finance costs**

Finance cost on lease liabilities  
Interest expense on borrowings  
Other finance costs

	For the year ended 31 March 2021	For the year ended 31 March 2020
	272.67	335.74
	86.71	649.65
	175.46	84.31
	<b>534.84</b>	<b>1,069.70</b>

**31 Depreciation and amortization**

Depreciation of property, plant and equipment (refer note 4)  
Depreciation of right-of use assets (refer note 19)  
Amortisation of intangible assets (refer note 5)

	For the year ended 31 March 2021	For the year ended 31 March 2020
	678.03	514.45
	1,089.44	1,204.67
	84.01	88.68
	<b>1,851.48</b>	<b>1,807.80</b>

**32 Other expenses**

Rent  
Repairs and maintenance  
Rates and taxes  
Travelling and conveyance  
Legal and professional fees  
Outsourced technical services expense  
Cloud hosting services  
Payment to auditors\*  
Electricity and water  
Advertising and sales promotion  
Membership and subscription fee  
Brokerage and commission  
Communication costs  
Software and license maintenance  
Expenditure on corporate social responsibility  
Donation  
Recruitment charges  
Insurance  
Operation and maintenance  
Printing, stationery and scanning charges  
Property, plant and equipment written off  
Loss allowance on trade receivables  
(net of adjustment for bad debts written off of INR 2,991.03 lakhs (previous year INR 527.43 lakhs))  
Loss allowance on other financial assets  
Security charges  
Net foreign exchange fluctuation loss  
Loss on redemption of bonds (net) at FVOCI  
Loss on redemption of mutual funds (net) at FVTPL  
Miscellaneous expenses

	For the year ended 31 March 2021	For the year ended 31 March 2020
	94.31	280.38
	261.85	264.76
	426.49	728.47
	773.16	5,698.45
	2,140.17	2,294.93
	3,219.84	1,299.40
	1,245.75	959.98
	72.31	75.40
	355.98	419.36
	399.33	752.48
	250.00	267.24
	861.77	980.67
	233.69	386.44
	790.09	645.35
	201.27	186.27
	29.00	36.18
	115.53	280.35
	385.02	359.60
	418.65	617.59
	293.12	460.18
	0.12	-
	2,149.62	1,736.67
	-	23.72
	229.12	263.05
	141.98	-
	27.78	7.07
	-	6.85
	72.96	85.60
	<b>15,188.91</b>	<b>19,116.44</b>

**\*Payment to auditors**

**As auditor:**

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

	39.50	39.50
	22.50	22.50
	6.95	8.25
	3.36	5.15
	<b>72.31</b>	<b>75.40</b>

Newgen Software Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2021

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

33 Income Tax

A. The major components of income tax income recognised in Statement of Profit or Loss

	For the year ended 31 March 2021	For the year ended 31 March 2020
Tax expense	3,632.26	2,340.32
Tax expense for earlier years	1,288.86	78.85
Deferred tax charge/ (credit)	288.58	(452.04)
<b>Total</b>	<b>5,209.70</b>	<b>1,967.13</b>

Recognised in Other comprehensive income

Tax impact on		
- Re-measurement on defined benefit plan	(35.90)	37.16
- Fair value of debt instruments through other comprehensive income/(loss)	(26.30)	(2.00)
<b>Total</b>	<b>(62.20)</b>	<b>35.16</b>

B. Reconciliation of effective tax rate

	31 March 2021		31 March 2020	
<b>Profit before tax</b>		16,969.13		8,558.36
Tax using the Company's tax rate	34.94%	5,929.69	34.94%	2,990.63
Effect of deduction under section 10AA of the Income tax Act, 1961	-13.38%	(2,270.61)	-13.47%	(1,152.56)
Effect of expenses permanently disallowed under the Income Tax Act, 1961	0.25%	41.98	0.35%	29.91
Effect of income exempt/ non taxable/ taxed on lower rate	-0.68%	(114.75)	-0.31%	(26.92)
Effect of profit on redemption of mutual funds taxable under Income tax Act, 1961	0.66%	111.75	0.57%	48.46
Tax expense for earlier years	7.60%	1,288.86	0.92%	78.85
Others	1.31%	222.79	-0.01%	(1.24)
Income tax recognised in statement of profit and loss for the current year	30.70%	5,209.70	22.98%	1,967.13

C. Deferred tax assets (net)

Deferred tax relates to the following:

Deferred tax related to items recognised in OCI:

Deferred tax assets (gross)

	As at 31 March 2021	As at 31 March 2020
Investments at fair value through OCI	1.42	1.42
Remeasurement of defined benefit liability (asset)	15.47	51.37
<b>(a)</b>	<b>16.89</b>	<b>52.79</b>

Deferred tax liabilities

Investments at fair value through OCI	31.15	-
<b>(b)</b>	<b>31.15</b>	<b>-</b>

Deferred tax related to items recognised in Statement of Profit and Loss:

Deferred tax liabilities (gross)

Property, plant and equipment	606.72	373.98
Others	170.82	145.20
<b>(c)</b>	<b>777.54</b>	<b>519.18</b>

Deferred tax assets (gross)

Loss allowance on other financial assets	57.57	57.57
Loss allowance on trade receivables	1,394.05	1,688.07
Provision for employee benefits	1,214.87	931.23
Lease liabilities	39.00	58.84

<b>(d)</b>	<b>2,705.49</b>	<b>2,735.71</b>
<b>(e) = (d) - (c)</b>	<b>1,927.95</b>	<b>2,216.53</b>

Deferred tax assets (net)

<b>(e) + (a) - (b)</b>	<b>1,913.69</b>	<b>2,269.32</b>
------------------------	-----------------	-----------------

Total deferred tax assets (net)

	<b>1,913.69</b>	<b>2,269.32</b>
--	-----------------	-----------------

Newgen Software Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2021

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

**D. Movement in temporary differences**

**31 March 2021**

Particulars	Balance as at 1 April 2020	Transition impact of Ind AS 116-Leases	Recognised in Statement of Profit or Loss during the year	Recognised in OCI during the year	Balance as at 31 March 2021
Investments at fair value through OCI	1.42	-	-	(31.15)	(29.73)
Remeasurement of defined benefit liability (asset)	51.37	-	-	(35.90)	15.47
Property, plant and equipment	(373.98)	-	(232.74)	-	(606.72)
Loss allowance on other financial assets	57.57	-	-	-	57.57
Loss allowance on trade receivables	1,688.07	-	(294.02)	-	1,394.05
Provision for employee benefits	931.23	-	283.64	-	1,214.87
Others	(145.20)	-	(25.62)	-	(170.82)
Lease liabilities	58.84	-	(19.84)	-	39.00
<b>Total</b>	<b>2,269.32</b>	<b>-</b>	<b>(288.58)</b>	<b>(67.05)</b>	<b>1,913.69</b>

**31 March 2020**

Particulars	Balance as at 1 April 2019	Transition impact of Ind AS 116-Leases	Recognised in Statement of Profit or Loss during the year	Recognised in OCI during the year	Balance as at 31 March 2020
Investments at fair value through OCI	(7.12)	-	-	8.54	1.42
Remeasurement of defined benefit liability (asset)	14.21	-	-	37.16	51.37
Property, plant and equipment	(278.40)	-	(95.58)	-	(373.98)
Loss allowance on other financial assets	51.03	-	6.54	-	57.57
Loss allowance on trade receivables	1,265.52	-	422.55	-	1,688.07
Provision for employee benefits	772.84	-	158.39	-	931.23
Others	(84.54)	-	(60.66)	-	(145.20)
Lease liabilities	(29.89)	67.93	20.80	-	58.84
<b>Total</b>	<b>1,703.65</b>	<b>67.93</b>	<b>452.04</b>	<b>45.70</b>	<b>2,269.32</b>

**Newgen Software Technologies Limited**  
**Notes to the standalone financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

**34 Earnings per share (EPS)**

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

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

**i. Profit attributable to Equity holders of the Company**

	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>
Profit attributable to equity holders of the Company	11,759.43	6,591.23
<b>Profit attributable to equity holders of the Company for basic and diluted earnings</b>	<b>11,759.43</b>	<b>6,591.23</b>

**ii. Weighted average number of ordinary shares**

	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>
Opening balance of equity's shares	69,089,813	68,457,610
Effect of share options exercised	100,973	422,753
<b>Weighted average number of shares for basic EPS</b>	<b>69,190,786</b>	<b>68,880,363</b>
<b>Effect of dilution:</b>		
Add: Equity shares held by Newgen ESOP Trust with respect to options not exercised by employees but outstanding	702,162	348,839
<b>Weighted average number of shares for diluted EPS</b>	<b>69,892,948</b>	<b>69,229,202</b>

**Basic and diluted earnings per share**

	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>
	<b>INR</b>	<b>INR</b>
<b>Basic earnings per share</b>	17.00	9.57
<b>Diluted earnings per share</b>	16.82	9.52

**35 Share-based payment arrangements:**

**A. Description of share-based payment arrangements**

**i. Share option programmes (equity-settled)**

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 shares to be issued under this Scheme shall be limited to 3,783,800 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. 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. During the year 2020-21, the Company has granted 2,33,000 options under Newgen ESOP 2014 on 25 March 2021. 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.

During the year, the Company has established Newgen Software Technologies Restricted Stock Units Scheme – 2021 (Newgen RSU – 2021), administered through a new trust "Newgen RSU Trust". The maximum numbers of shares to be issued under this Scheme shall be limited to 14,00,000 equity shares of the Company. No RSUs are granted under Newgen RSU - 2021 as on 31 March 2021.

Particulars	Newgen ESOP 2014	Newgen RSU – 2021
Maximum number of shares under the plan	3,783,800	1,400,000
Method of settlement (cash/equity)	Equity	Cash/ Equity
Vesting period (maximum)	4 years 1 year - 10% 2 year - 20% 3year- 30% 4year-40%	5 years at the end of 3rd year - 50% at the end of 5th year - 50%
Exercise period from the date of vesting (maximum)	5 year from last vesting	5 year from last vesting
Vesting conditions	Service period	Performance based

Newgen 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, liabilities, income and expenses of the trust are accounted for as assets and liabilities of the Company, except for profit / loss on issue of shares to the employees and dividend received by trust which are directly adjusted in the Newgen ESOP Trust reserve.

**Following table represents general terms of the grants for the ESOP outstanding as on 31 March 2021.**

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	376,615	INR 63.00	2.75	4 years
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Jul-2017	160,436	INR 63.00	5.25	4 years
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Sep-2017	90,300	INR 63.00	5.42	4 years
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Oct-2017	41,055	INR 63.00	5.50	4 years
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	25-Mar-2021	233,000	INR 63.00	8.99	4 years

**B. Reconciliation of outstanding share options**

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

Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	31 March 2021	31 March 2021	31 March 2020	31 March 2020
Options outstanding as at the beginning of the year	884,598	INR 63.00	1,557,524	INR 63.00
Add: Options granted during the year	233,000	INR 63.00	-	-
Less: Options lapsed during the year	-	-	40,723	INR 63.00
Less: Options exercised during the year	216,192	INR 63.00	632,203	INR 63.00
Options outstanding as at the year end	<b>901,406</b>	<b>INR 63.00</b>	<b>884,598</b>	<b>INR 63.00</b>
Exercisable as at year end	<b>489,498</b>		<b>571,519</b>	
Weighted - average contractual life	5.20 years		4.85 years	

**C. Expense recognised in Statement of Profit and Loss**

For details on the employee benefits expense, refer note 29



**Newgen Software Technologies Limited**  
**Notes to the standalone financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

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

	<b>31 March 2021</b>	<b>31 March 2020</b>
a. Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances, tangible assets**	-	84.18
b. Income Tax matters (Financial year 2015-16 to 2019-20)***	-	1,058.36

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

\*\* For other commitments – Non-cancellable operating and finance leases, refer note 19

\*\*\*During the year ended 31 March 2021, the Company has filed an application under ‘Direct Tax Vivad Se Vishwas Act, 2020’ in respect of assessment orders pertaining to financial years 2015-16 and 2016-17, against which appeals were pending with Commissioner of Income Tax (Appeal). The application for both the years was accepted by the department. Accordingly an amount of Rs. 463.50 lakhs has been recorded as tax expense during the current year. The dispute primarily involved partial disallowances made by the assessing officer with respect to foreign withholding tax credit claimed as a set off. . The Company has likewise claimed foreign withholding tax credit in the subsequent financial years. Based on management evaluation, the effect of similar disallowances has been recognised in respect of subsequent assessment years, without prejudice to any rights, and additional tax expense of Rs. 847.07 lakhs relating to financial years 2017-18 to 2019-20 and Rs. 231.80 lakhs in respect of year ended 31 March 2021 has been recorded in the current year.

In February 2019, there was a judicial pronouncement with respect to provident fund. It is not currently clear whether the interpretation set out in the pronouncement has retrospective application. If applied retrospectively, the interpretation would result in an increase in contributions payable by the Company for past and future periods for certain of its employees. There are numerous interpretative challenges concerning the retrospective application of the judgment. Due to such challenges and a lack of interpretive guidance, it is currently impracticable to reliably estimate the timing and amount of any payments the Company may be required to make. The Company will continue to monitor and evaluate its position based on future events and developments.

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

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as on 31 March 2021 and 31 March 2020 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. The Finance Act 2020 has repealed the Dividend Distribution Tax (DDT). The Company is now required to pay/distribute dividend after deducting applicable taxes.

Particulars	For the year ended	For the year ended
	<b>31 March 2021</b>	<b>31 March 2020</b>
Final dividend of INR 3.50 per share (31 March 2020: INR 2/-)	2,448.45	1,399.11

**39 Utilization of Corporate Social Responsibility expenses**

As per Section 135 of the Companies Act 2013, the following is the detail of CSR expenses incurred by the Company: Gross amount to be spent by the Company during the year ended 31 March 2021 is INR 201.09 lakhs as approved by the board of directors (previous year INR. 186.27 lakhs). Amount spent during the year ended 31 March 2021:

Particulars	Amount spent during the year	Amount to be spent	Total
i) For purpose mentioned as under*	201.27	-	201.27

\*The areas for CSR activities are promoting education, health care, sanitation, digital literacy and livelihood enhancement . The funds were primarily utilized through the year on the activities which are specified in Schedule VII of the Companies Act, 2013.

**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. During the year ended 31 March 2020, the holding company has also started availing services from its overseas subsidiaries in accordance with the transfer pricing methodology under sections 92-92F of the Income Tax Act, 1961. The management is of the opinion that its international transactions are at arm’s length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

**Newgen Software Technologies Limited**  
**Notes to the standalone financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

**41 Details of current Investments (refer note 11)**

Particulars	Number of units as at		Amount in lakhs as at	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
<b>Investment in mutual funds -FVTPL</b>				
Nippon India Short Term Fund- Direct Plan- Growth option	-	634,842.04	-	251.01
ICICI Prudential Short Term Plan-Direct Plan-Growth option	-	2,098,216.14	-	930.90
ICICI Prudential Credit Risk Fund -Direct Plan- Growth option	-	2,185,595.64	-	505.92
Kotak Credit Risk Fund- Direct Plan-Growth option	-	2,194,751.05	-	514.89
IIFL Wealth Finance Limited SR-A1-June2022 LOA 13JU22 FVRS10LAC	-	20.00	-	257.35
HDFC Short Term Debt Fund-Direct Plan-growth option	-	2,403,804.13	-	550.19
DSP Liquidity Fund- Regular Plan-Growth option	-	21,276.15	-	600.45
IDFC Bond Fund-Short Term Plan-growth option	-	1,153,064.73	-	500.00
Aditya Birla Sun Life Liquid Fund -Growth-Regular Plan	194,248.97	220,614.74	639.68	700.99
Bharat bonds ETF	20,000.00	20,000.00	226.87	208.07
Aditya Birla Liquid Fund Direct plan Growth option	472,293.51	-	1,565.81	-
ICICI Prudential Liquid Fund Growth	492,315.98	-	1,500.27	-
HDFC Liquid Fund -Direct Growth	7,622.95	-	308.39	-
IDFC Cash Fund - Growth- Direct Plan	20,704.45	-	514.71	-
<b>Investment in government bonds-FVTOCI</b>				
8.40% IRFC 15YRS SR2A 18022029 (18-Feb-2029)	40,000.00	40,000.00	494.26	467.71
7.35% NHAI LTD Tax free Bond 15YRS SR2A Annual (11-Jan-2031)	45,000.00	45,000.00	539.85	500.96
8.54% PFC Tax free Bonds (Series 2A) 16/11/2028	16,500.00	16,500.00	204.13	203.32
7.04% IRFC Bond 03/03/2026	15.00	15.00	164.73	166.38
8.3% NHAI Tax free Bonds 25/01/2027	30,000.00	30,000.00	352.97	355.96
8.63% IRFC Bonds 26/03/2029	22,000.00	22,000.00	275.62	288.04
8.30% IRFC Bonds 23/02/2027	87,000.00	-	1,016.65	-
8.20% NHAI Bonds 25/01/2022	50,000.00	-	513.51	-
<b>Investment in Other Bonds-FCTOCI</b>				
State Bank of India Series 1 9.56% NCD perpetual FVRS10Lac	-	30.00	-	306.31
ICICI Bank Limited SR DDE18AT 9.90 BD Perpetual FVRS10LAC	-	30.00	-	302.22
			<b>8,317.44</b>	<b>7,610.66</b>

#### 42 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 2021	31 March 2020
Newgen Software Inc.	United States of America	100%	100%
Newgen Software Technologies Pte Ltd.	Singapore	100%	100%
Newgen Software Technologies Canada Limited	Canada	100%	100%
Newgen Software Technologies (UK) Ltd.	United Kingdom	100%	100%
Newgen Software Technologies Pty Ltd.	Australia	100%	100%
Newgen Computers Technologies Limited	India	100%	100%

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

##### B. Transactions with Key Management Personnel

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

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

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

##### List of key management personnel and their relatives

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

##### List of non-executive and independent directors

Kaushik Dutta - Independent Director  
Saurabh Srivastava - Independent Director  
Subramaniam R Iyer - Independent Director  
Padmaja Krishnan - Independent Director

##### Key management personnel compensation

	Transaction value		Balance payable	
	For the year ended 31 March 2021	For the year ended 31 March 2020	As at 31 March 2021	As at 31 March 2020
<b>Salaries, wages and bonus*</b>	<b>1,236.05</b>	<b>1,086.14</b>	<b>675.20</b>	<b>389.66</b>
Diwakar Nigam	275.03	278.99	154.62	82.42
T.S. Varadarajan	148.70	142.57	91.61	50.23
Priyadarshini Nigam	88.20	77.58	60.25	33.04
Arun Kumar Gupta	87.64	82.77	41.33	26.60
Virender Jeet	268.40	147.60	118.78	75.01
Surender Jeet Raj	177.67	191.46	112.65	62.70
Tarun Nandwani	173.04	148.35	94.68	58.65
Aman Mourya	17.38	16.81	1.27	1.01
<b>Dividend paid (excluding dividend distribution tax)</b>	<b>935.81</b>	<b>1,402.83</b>	-	-
Diwakar Nigam	369.45	552.67	-	-
T.S. Varadarajan	300.19	450.28	-	-
Priyadarshini Nigam	159.38	239.07	-	-
Arun Kumar Gupta	1.10	2.10	-	-
Virender Jeet	4.98	7.47	-	-
Surender Jeet Raj	4.99	7.48	-	-
Tarun Nandwani	5.14	7.87	-	-
Usha Varadarajan	90.57	135.85	-	-
Aman Mourya	0.03	0.04	-	-
<b>Share-based payments</b>	<b>99.83</b>	<b>93.69</b>	-	-
Arun Kumar Gupta	-	4.60	-	-
Virender Jeet	77.72	-	-	-
Surender Jeet Raj	-	56.92	-	-
Tarun Nandwani	19.75	29.81	-	-
Aman Mourya	2.37	2.36	-	-

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

**Newgen Software Technologies Limited**  
**Notes to the standalone financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

<b>Sitting fees to independent director</b>	<b>50.00</b>	<b>41.00</b>	<b>-</b>	<b>8.10</b>
Kaushik Dutta	15.00	14.00	-	2.70
Saurabh Srivastava	14.00	13.00	-	2.70
Subramaniam R Iyer	15.00	14.00	-	2.70
Padmaja Krishnan	6.00	-	-	-
<b>Commission to independent director</b>	<b>95.79</b>	<b>50.00</b>	<b>88.60</b>	<b>47.50</b>
Kaushik Dutta	23.95	16.67	22.15	15.83
Saurabh Srivastava	23.95	16.67	22.15	15.83
Subramaniam R Iyer	23.95	16.67	22.15	15.83
Padmaja Krishnan	23.95	-	22.15	-

**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 2021 and 31 March 2020, 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 2021	For the year ended 31 March 2020	As at 31 March 2021	As at 31 March 2020
<b>Sale of products and services</b>				
Subsidiaries				
Newgen Software Inc., USA	14,740.62	9,883.41	731.70	2,850.88
Newgen Software Technologies Pte Ltd.	4,099.33	2,048.35	0.03	1,237.49
Newgen Software Technologies Canada Limited	423.87	386.65	1.58	238.85
Newgen Software Technologies (UK) Ltd.	1,019.49	656.30	3.17	298.47
<b>Sale of services-back office support cost</b>				
Subsidiaries				
Newgen Software Inc., USA	145.70	137.64	-	137.64
Newgen Software Technologies Pte Ltd.	37.30	29.52	-	29.52
Newgen Software Technologies Canada Limited	20.23	18.42	4.60	18.42
Newgen Software Technologies (UK) Ltd.	11.33	10.13	-	10.13
Newgen Software Technologies Pty Ltd.	6.40	8.20	-	8.08
<b>Expense-Outsourced technical services</b>				
Subsidiaries				
Newgen Software Inc., USA	2401.65	593.52	-	341.11
Newgen Software Technologies Pte Ltd.	115.11	101.87	27.28	50.73
<b>Expense-Marketing support services</b>				
Subsidiary				
Newgen Software Technologies Pty Ltd.	511.66	395.32	-	386.38
<b>Rent expense</b>				
Subsidiary				
Newgen Computers Technologies Limited	7.92	7.92	-	-
<b>Paid on behalf of</b>				
Subsidiary				
Newgen Computers Technologies Limited	1.25	0.69	-	-
Newgen Software Technologies Pte Ltd.	0.22	-	-	-
<b>Bank Guarantee issued on behalf of</b>				
Subsidiary				
Newgen Software Technologies Pte Ltd.	65.71	-	-	-
<b>Recovered from</b>				
Subsidiary				
Newgen Computers Technologies Limited	0.00	0.69	-	-
Newgen Software Technologies Pte Ltd.	0.22	0.00	-	-
<b>Investment in subsidiaries - share based payment</b>				
Newgen Software Inc., USA	1.99	3.39	-	-
Newgen Singapore	0.70	0.82	-	-

**D. Investment in subsidiaries**

Subsidiary Company	As at	As at
	31 March 2021	31 March 2020
Newgen Software Inc. USA	530.09	528.10
Newgen Software Technologies Canada Limited	56.52	56.52
Newgen Software Technologies Pte. Ltd.	117.44	116.74
Newgen Computers Technologies Limited	46.50	46.50
Newgen Software Technologies Pty Ltd.	491.05	491.05
Newgen Software Technologies (UK) Ltd.	178.74	178.74
	<b>1,420.34</b>	<b>1,417.65</b>

**Newgen Software Technologies Limited**  
**Notes to the standalone financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

**43 Financial Instruments – Fair values and risk management**

**A. Accounting classification and fair values**

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

31 March 2021	Note	Carrying amount			Fair value				
		FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>									
<b>Financial assets measured at fair value</b>									
Investments in mutual funds	11	4,755.74	-	-	4,755.74	4,755.74	-	-	4,755.74
Investments in bonds	11	-	3,561.72	-	3,561.72	3,561.72	-	-	3,561.72
<b>Financial assets not measured at fair value</b>									
Other non-current financial asset	8	-	-	3,345.83	3,345.83	-	-	-	-
Trade receivables	12	-	-	17,541.07	17,541.07	-	-	-	-
Cash and cash equivalents	13	-	-	2,873.38	2,873.38	-	-	-	-
Other bank balances	13A	-	-	17,000.00	17,000.00	-	-	-	-
Loans	7 and 14	-	-	497.74	497.74	-	-	-	-
Other financial assets	15	-	-	9,817.16	9,817.16	-	-	-	-
		<b>4,755.74</b>	<b>3,561.72</b>	<b>51,075.18</b>	<b>59,392.64</b>	<b>8,317.46</b>	-	-	<b>8,317.46</b>
<b>Financial liabilities</b>									
<b>Financial liabilities not measured at fair value</b>									
Lease liabilities	19	-	-	3,347.03	3,347.03	-	-	-	-
Trade payables	22	-	-	2,387.20	2,387.20	-	-	-	-
Other financial liabilities	23	-	-	4,315.69	4,315.69	-	-	-	-
		-	-	<b>10,049.92</b>	<b>10,049.92</b>	-	-	-	-
<b>31 March 2020</b>									
<b>Financial assets</b>									
<b>Financial assets measured at fair value</b>									
Investments in debt mutual funds	11	5,019.75	-	-	5,019.75	5,019.75	-	-	5,019.75
Investments in bonds	11	-	2,590.91	-	2,590.91	2,590.91	-	-	2,590.91
<b>Financial assets not measured at fair value</b>									
Other non-current financial asset	8	-	-	351.48	351.48	-	-	-	-
Trade receivables	12	-	-	23,813.20	23,813.20	-	-	-	-
Cash and cash equivalents	13	-	-	5,758.70	5,758.70	-	-	-	-
Other bank balances	13A	-	-	6,516.11	6,516.11	-	-	-	-
Loans	7 and 14	-	-	523.25	523.25	-	-	-	-
Other financial assets	15	-	-	8,260.42	8,260.42	-	-	-	-
		<b>5,019.75</b>	<b>2,590.91</b>	<b>45,223.16</b>	<b>52,833.83</b>	<b>7,610.67</b>	-	-	<b>7,610.67</b>

**Newgen Software Technologies Limited**  
**Notes to the standalone financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

<b>Financial liabilities</b>				
<b>Financial liabilities not measured at fair value</b>				
Long-term maturities of finance lease obligations (secured)	19	-	3,347.03	-
Short term borrowings	21	-	7,453.21	-
Trade payables	22	-	3,149.06	-
Other financial liabilities	23	-	4,036.57	-
		-	<b>17,985.87</b>	-

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

**B. Measurement of fair values**

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

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

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

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

Particulars	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
<b>Financial assets measured at FVTPL</b> Investments in 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
<b>Financial assets measured at FVTOCI</b> 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
<b>Financial liabilities measured at Amortised cost</b> Long term borrowings Short term borrowings	Level 2 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

There have been no transfers in either direction for the years ended 31 March 2021 and 31 March 2020.

**Financial instruments – Fair values and risk management (continued)**

**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.

**ii. Credit risk**

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

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

Particulars	As at	As at
	31 March 2021	31 March 2020
Trade receivables	17,541.07	23,813.20
Loans	497.74	523.25
Cash and cash equivalents	2,873.38	5,758.70
Other bank balances	17,000.00	6,516.11
	<b>37,912.19</b>	<b>36,611.26</b>

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

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

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

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

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

**Trade and other receivables**

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

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

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

	Carrying amount	
	As at	As at
	31 March 2021	31 March 2020
India	6,086.63	7,103.27
USA	770.54	3,319.15
EMEA	8,586.97	9,586.80
APAC	2,096.93	3,795.90
Australia	-	8.08
	<b>17,541.07</b>	<b>23,813.20</b>

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 2021	Gross carrying amount	Weighted- average loss rate	Loss allowance	Credit-impaired
0-3 months past due	16,097.90	2.89%	465.75	No
3-6 months past due	614.74	10.05%	61.80	No
6-9 months past due	647.86	21.86%	141.60	No
9-12 months past due	411.58	36.89%	151.85	No
12-15 months past due	666.53	50.64%	337.52	No
15-18 months past due	459.03	56.55%	259.57	No
18-21 months past due	153.09	65.94%	100.94	No
21-24 months past due	34.49	72.84%	25.12	No
above 24 months past due	2,445.22	100.00%	2,445.22	No
	<b>21,530.45</b>		<b>3,989.38</b>	

**Newgen Software Technologies Limited**  
**Notes to the standalone financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

As at 31 March 2020	Gross carrying amount	Weighted- average loss rate	Loss allowance	Credit-impaired
0-3 months past due	18,438.64	1.91%	352.83	No
3-6 months past due	3,588.25	7.83%	280.82	No
6-9 months past due	746.07	15.93%	118.82	No
9-12 months past due	98.49	25.68%	25.30	No
12-15 months past due	567.29	34.53%	195.88	No
15-18 months past due	336.66	38.37%	129.16	No
18-21 months past due	308.48	48.64%	150.04	No
21-24 months past due	551.49	59.01%	325.44	No
above 24 months past due	4,008.62	81.14%	3,252.50	No
	<b>28,643.99</b>		<b>4,830.79</b>	

  

<b>Balance as at 1 April 2019</b>	<b>3,621.55</b>
Impairment loss recognised	1,736.67
Amounts written off	527.43
<b>Balance as at 31 March 2020</b>	<b>4,830.79</b>
Impairment loss recognised	2,149.62
Amounts written off	2,991.03
<b>Balance as at 31 March 2021</b>	<b>3,989.38</b>

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

**Debt securities**

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

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

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

	Net carrying amount	
	As at 31 March 2021	As at 31 March 2020
India	8,317.46	7,610.68
	8,317.46	7,610.68

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

**Cash and cash equivalents and other bank balances**

The Company held cash and cash equivalents of INR 2,873.38 lakhs at 31 March 2021 (31 March 2020: INR 5,758.70 lakhs) and other bank balances of INR 17,000.00 lakhs as at 31 March 2021 (31 March 2020: INR 6,516.11 lakhs). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- to AAA, based on renowned rating agencies.



**Newgen Software Technologies Limited**

**Notes to the standalone financial statements for the year ended 31 March 2021**

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

**Financial instruments – Fair values and risk management (continued)**

**iii. Liquidity risk**

Liquidity risk is the risk that the 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 2021, the Company had a working capital of INR 39,408.60 lakhs (31 March 2020: INR 29,264.15 lakhs) including cash and cash equivalent of INR 2,873.38 lakhs (31 March 2020: INR 5,758.70 lakhs), other bank balances of INR 17,000.00 lakhs (31 March 2020: 6,516.11 lakhs) and current investments of INR 8,317.46 lakhs (31 March 2020: INR 7,610.67 lakhs).

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

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

Particulars	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
As at 31 March 2021	10,553.00	-	10,553.00	-	-	-
As at 31 March 2020	546.79	-	546.79	-	-	-

**Exposure to liquidity risk**

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

31 March 2021	Carrying amount	Contractual cash flows					
		Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>							
Finance lease obligations (including current maturities)	3,347.03	6,703.86	99.15	456.13	283.55	663.24	5,201.79
Employee related payables	4,169.87	4,169.87	2,533.13	1,540.59	96.16	-	-
Trade and other payables	2,387.20	2,387.20	2,387.20	-	-	-	-
Payable in respect of retention money	127.82	127.82	-	127.82	-	-	-
Earnest money deposits	1.00	1.00	-	1.00	-	-	-
Payable for capital assets	17.00	17.00	-	17.00	-	-	-
<b>Total</b>	<b>10,049.92</b>	<b>13,406.75</b>	<b>5,019.48</b>	<b>2,142.54</b>	<b>379.70</b>	<b>663.24</b>	<b>5,201.79</b>

31 March 2020	Carrying amount	Contractual cash flows					
		Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>							
Finance lease obligations (including current maturities)	3,347.03	8,787.04	268.63	1,230.78	1,209.24	810.75	5,267.64
Employee related payables	3,428.23	3,428.23	2,477.64	950.59	-	-	-
Trade and other payables	3,149.06	3,149.06	3,149.06	-	-	-	-
Pre-shipment loans (secured)	7,453.21	7,453.21	-	7,453.21	-	-	-
Payable in respect of retention money	180.54	180.54	-	180.54	-	-	-
Earnest money deposits	1.00	1.00	-	1.00	-	-	-
Payable for capital assets	412.41	412.41	-	412.41	-	-	-
<b>Total</b>	<b>17,971.48</b>	<b>23,411.49</b>	<b>5,895.33</b>	<b>10,228.53</b>	<b>1,209.24</b>	<b>810.75</b>	<b>5,267.64</b>

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

**Newgen Software Technologies Limited**

**Notes to the standalone financial statements for the year ended 31 March 2021**

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

**Financial instruments – Fair values and risk management (continued)**

**iv. Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the 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.

**v. Currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The 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, Great Britain Pound, Canadian dollar, Abar Emirates Dhiram, Saudi Riyal, Singapore dollar, Australian dollar, Malaysian Ringgit and Hong Kong dollar. 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 31 March 2021 and 31 March 2020 are as below:

Particulars	Currency	31 March 2021		31 March 2020	
		Amount in foreign currency (lakhs)	Amount in local currency (lakhs)	Amount in foreign currency (lakhs)	Amount in local currency (lakhs)
<b>Financial assets</b>					
Trade and other receivables*					
	USD	167.49	12,255.57	222.03	16,738.68
	AED	4.05	80.62	5.22	107.07
	CAD	0.47	27.12	4.98	265.73
	EUR	1.21	104.02	0.78	64.60
	GBP	0.11	11.00	3.57	328.58
	SAR	-	-	2.06	41.36
	SGD	0.01	0.41	23.91	1,267.39
	MYR	9.80	172.99	1.62	28.30
	AUD	-	-	0.17	8.08
Bank balance-Dubai	AED	7.15	142.43	5.78	118.65
Bank balance-EEFC	USD	16.43	1,202.38	6.87	518.17
Travelling Advance to employees					
	USD	0.22	16.38	0.67	47.72
	AED	0.06	1.13	0.70	13.85
	CAD	-	-	0.02	0.92
	GBP	-	-	0.02	1.87
	SGD	-	-	0.02	0.87
	SAR	-	-	0.51	10.04
	HKD	-	-	0.06	0.56
<b>Financial liabilities</b>					
Trade and other payables					
	USD	(17.74)	(1,277.36)	(20.44)	(1,498.18)
	SGD	(0.86)	(47.04)	(1.02)	(53.34)
	SAR	-	-	(0.47)	(8.86)
	AUD	(1.76)	(97.89)	(8.35)	(395.32)
Short term borrowings	USD	-	-	(98.86)	(7,453.21)

\* gross of loss allowance

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

Effect in Lakhs of INR	For the year ended 31 March 2021		For the year ended 31 March 2020	
	Strengthening	Weakening	Strengthening	Weakening
<b>1% movement</b>				
USD	121.76	(121.76)	83.13	(83.13)
EUR1	1.04	(1.04)	0.64	(0.64)
GBP1	0.11	(0.11)	3.34	(3.34)
CAD1	0.27	(0.27)	2.67	(2.67)
SGD1	(0.46)	0.46	12.14	(12.14)
AED1	2.24	(2.24)	2.38	(2.38)
SAR1	-	-	0.42	(0.42)
HKD1	-	-	0.01	(0.01)
MYR1	1.73	(1.73)	0.28	(0.28)
AUD1	(0.98)	0.98	(3.78)	3.78
	<u>125.72</u>	<u>(125.72)</u>	<u>101.23</u>	<u>(101.23)</u>

**Newgen Software Technologies Limited****Notes to the standalone financial statements for the year ended 31 March 2021***(All amounts are in lakhs of Indian Rupees, unless otherwise stated)***Financial instruments – Fair values and risk management (continued)****vi. Interest rate risk**

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

**a) Exposure to interest rate risk**

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

	Nominal amount in INR	
	31 March 2021	31 March 2020
<b>Fixed-rate instruments</b>		
Financial assets	24,167.61	13,488.94
Financial liabilities	3,347.03	3,347.03
	27,514.64	16,835.97
<b>Variable-rate instruments</b>		
Financial assets	-	-
Financial liabilities	-	(7,453.21)
	-	(7,453.21)
<b>Total</b>	<b>27,514.64</b>	<b>9,382.76</b>

**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 23.15 lakhs after tax (31 March 2020: INR 16.84 lakhs).

***Cash flow sensitivity analysis for variable-rate instruments***

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

	Profit or loss	
	100 bp increase	100 bp decrease
<b>31 March 2021</b>		
Variable-rate instruments	-	-
<b>Cash flow sensitivity (net)</b>	-	-
<b>31 March 2020</b>		
Variable-rate instruments	74.53	74.53
<b>Cash flow sensitivity (net)</b>	74.53	74.53

**Market price risk*****a) Exposure***

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

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

***b) Sensitivity analysis***

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

For such investments classified at Fair value through other comprehensive income, a 2% increase in their fair value at the reporting date would have increased equity by INR 46.30 lakhs after tax (31 March, 2020: INR 33.68 lakhs). An equal change in the opposite direction would have decreased equity by INR 46.30 lakhs after tax (31 March, 2020: INR 33.68 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 61.82 lakhs after tax (31 March, 2020: INR 65.26 lakhs). An equal change in the opposite direction would have decreased profit or loss by INR 61.82 lakhs after tax (31 March, 2020: INR 65.26 lakhs).

**Newgen Software Technologies Limited****Notes to the standalone financial statements for the year ended 31 March 2021**

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

**44 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 equity 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 2021 and 31 March 2020.

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

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

	As at 31 March 2021	As at 31 March 2020
Total liabilities	1,567.06	10,800.24
Less: Cash & Cash equivalent	2,873.38	5,758.70
<b>Adjusted net debt (a)</b>	<b>(1,306.32)</b>	<b>5,041.54</b>
Total equity (b)	63,349.09	52,692.55
Total equity and net debt (a+b) = c	62,042.77	57,734.09
Capital gearing ratio (a/c)	-2.11%	8.73%

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

#### 45 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)
- Australia

##### B. Information about reportable segments

Particulars	Reportable segments					
	India	EMEA	APAC	USA	Australia	Total Segment
<b>Revenue</b>						
External revenue	19,723.17	16,770.68	8,446.68	16,092.54	6.40	61,039.47
Inter-segment revenue	-	-	-	-	-	-
<b>Total Segment Revenue</b>	<b>19,723.17</b>	<b>16,770.68</b>	<b>8,446.68</b>	<b>16,092.54</b>	<b>6.40</b>	<b>61,039.47</b>
Segment profit/(loss) before income tax	4,545.60	4,963.27	4,015.43	5,250.09	(506.02)	18,268.37
Segment assets	9,245.75	11,635.05	3,812.78	4,023.53	492.00	29,209.11
Segment liabilities	5,591.38	6,634.20	1,889.88	2,209.21	97.89	16,422.56
Capital expenditure during the year	9,850.16	-	-	-	-	9,850.16

##### Year ended 31 March 2020

Particulars	Reportable segments					
	India	EMEA	APAC	USA	Australia	Total Segment
<b>Revenue</b>						
External revenue	19,499.82	20,324.55	6,707.70	11,199.85	8.20	57,740.12
Inter-segment revenue	-	-	-	-	-	-
<b>Total Segment Revenue</b>	<b>19,499.82</b>	<b>20,324.55</b>	<b>6,707.70</b>	<b>11,199.85</b>	<b>8.20</b>	<b>57,740.12</b>
Segment profit before income tax	1,731.78	4,408.82	2,068.93	1,754.44	(389.20)	9,574.77
Segment assets	10,181.02	14,196.50	4,631.89	4,730.38	499.13	34,238.92
Segment liabilities	5,348.08	6,339.14	1,350.75	1,844.44	395.32	15,277.73
Capital expenditure during the year	3,863.14	-	-	-	-	3,863.14

##### C. Reconciliations of information on reportable segments to Ind AS

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>(a) Revenue</b>		
Total revenue for reportable segments	61,039.47	57,740.12
Elimination of inter-segment revenue	-	-
<b>Total revenue</b>	<b>61,039.47</b>	<b>57,740.12</b>
<b>(b) Profit / (loss) before tax</b>		
Total profit before tax for reportable segments	18,268.37	9,574.77
Unallocated amounts:		
- Unallocated income	1,430.95	2,084.60
- Other corporate expenses	(2,730.18)	(3,101.01)
<b>Total profit before tax from operations</b>	<b>16,969.13</b>	<b>8,558.36</b>
<b>(c) Assets</b>		
Total assets for reportable segments	29,209.11	34,238.92
Other unallocated amounts	55,087.77	46,345.92
<b>Total assets</b>	<b>84,296.88</b>	<b>80,584.84</b>
<b>(d) Liabilities</b>		
Total liabilities for reportable segments	16,422.56	15,277.73
Other unallocated amounts	4,525.23	12,614.56
<b>Total liabilities</b>	<b>20,947.79</b>	<b>27,892.29</b>

##### C. Information about major customers

No customer individually accounted for more than 10% of the revenues in the year ended 31 March 2021 and 31 March 2020.

##### D. Unallocated assets, liabilities, revenue and expenses

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

**Newgen Software Technologies Limited**  
**Notes to the standalone financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

46 As at 31 March 2021, the Company has gross foreign currency receivables amounting to INR 12,651.72 lakhs (previous year INR 18,849.78 lakhs). Out of these receivables, INR 492.42 lakhs (previous year INR 1,992.90 lakhs) is outstanding for more than 15 months. As per circular RBI/2019-20/206 A. P. (DIR series) circular no. 27, receipt for export goods should be realized within a period of 15 months from the date of export, for the exports made up to or on July 31, 2020. The Company must file extension with AD Bank & as per the requirements of circular no. RBI/2015-16/395 A. P. (DIR series) Circular no. 68 dated May12, 2016, in one calendar year, the Company is allowed to seek extension for an amount equivalent to 10% of the average export collection of the last 3 years only and pursuant to the same, the Company is in the process of applying for approval to seek extension of time beyond 15 months from export date. The management is of the view that the Company will be able to obtain approvals from the authorities for realizing such funds beyond the stipulated timeline without levy of any penalties as it had bonafide reasons that caused the delays in realization.

As per our report of even date attached

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

**SANDEEP** Digitally signed by  
**BATRA** SANDEEP BATRA  
 Date: 2021.05.25  
 15:31:33 +05'30'

**Sandeep Batra**  
 Partner  
**Membership No.: 093320**  
 UDIN: 21093320AAAAAS9805

Place: Gurugram  
 Date: 25 May 2021

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

**DIWAKA** Digitally signed by  
**R NIGAM** DIWAKAR NIGAM  
 Date: 2021.05.25  
 14:27:23 +05'30'

**Diwakar Nigam**  
 Chairman & Managing Director  
 DIN: 00263222

Place: New Delhi  
 Date: 25 May 2021

**TIRUMALAI** Digitally signed by  
**SUNDARAJA** TIRUMALAI SUNDARAJA  
**IYENGAR** IYENGAR  
**VARADARAJA** VARADARAJA  
**N** N

**T.S.Varadarajan**  
 Whole Time Director  
 DIN: 00261115

Place: Chennai  
 Date: 25 May 2021

**Arun** Digitally signed by  
**Kumar** Arun Kumar Gupta  
**Gupta** GUPTA  
 Date: 2021.05.25  
 14:29:46 +05'30'

**Arun Kumar Gupta**  
 Chief Financial Officer  
 Membership No: 056859

Place: Noida  
 Date: 25 May 2021

**AMAN** Digitally signed by  
**MOURYA** AMAN MOURYA  
 Date: 2021.05.25  
 14:29:46 +05'30'

**Aman Mourya**  
 Company Secretary  
 Membership No: F9975

Place: Noida  
 Date: 25 May 2021

# B S R & Associates LLP

Chartered Accountants

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

Telephone: +91 124 7191000  
Fax: +91 124 235 8613

## INDEPENDENT AUDITORS' REPORT

To the Members of Newgen Software Technologies Limited

### Report on the Audit of Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of **Newgen Software Technologies Limited** (hereinafter referred to as the “Holding Company”) and its subsidiaries (Holding Company and its subsidiaries together referred to as “the Group”), which comprise the Consolidated Balance Sheet as at 31 March 2021, and the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (“Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2021, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the “Other Matters” paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

#### Key Audit Matters

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

**Description of Key Audit Matter**

<b>Revenue from operations (refer note 26 to the consolidated financial statements)</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<ul style="list-style-type: none"> <li>Revenue relating to implementation services from fixed price contracts is recognised based on percentage of completion method which is estimated by the Group basis the completion of milestones and activities agreed with the customers. Due to complexity and volume of transactions, significant judgements are required to estimate percentage of completion and determine timing and accuracy of recognition of revenue.</li> </ul>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>Evaluated the design and implementation of internal controls and tested the operating effectiveness of internal controls relating to determination of percentage of completion and estimation of efforts required to complete the performance obligation;</li> <li>Involved specialists to assess the design, implementation and operating effectiveness of key IT controls over the IT environment in which the business systems operate and to test information technology system controls used in recording revenue.</li> <li>Selected specific/statistical samples of existing and new contracts and performed the following procedures: <ul style="list-style-type: none"> <li>Inspected key terms, including price, deliverables, timetable and milestones set out in the contract for selected sample of contracts and identified the distinct performance obligations.</li> <li>Tested project management tool for budgeted efforts and related percentage completion milestones and establishing accuracy of milestones based on actualisation of efforts for delivered projects.</li> <li>Tested the details of activities completed with those stated in the customer contract, details of activities completed as provided by the project head and confirmation/acceptance of completion of such activities by the customer.</li> </ul> </li> </ul>



<b>Trade receivables (refer note 11 to the consolidated financial statements)</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<ul style="list-style-type: none"> <li>• Significant management judgement in determining the recoverable amount of trade receivables as estimating the recoverable amount involves inherent uncertainty.</li> </ul>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>– Obtained an understanding of and assessed the design and implementation of Group’s key internal controls relating to debt collection and making provision for doubtful debts;</li> <li>– Assessed, on a sample basis that items in the receivables’ ageing report were classified within the correct ageing bracket by comparing individual items in the report with underlying documentation, which included sales invoices, proof of delivery and customers sign offs;</li> <li>– Assessed the assumptions and estimates made by the Group for the provision for doubtful debts with reference to our understanding of the debtors’ financial condition, the industry in which the debtors are operating, the ageing of overdue balances and historical and post year-end cash receipts from the debtors and by performed a retrospective analysis of the historical accuracy of these estimates; and</li> <li>– Tested the accuracy and completeness of underlying data for “expected credit loss model”.</li> </ul>

**Other Information**

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

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

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

## **Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements**

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

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

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

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.

- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

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

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

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

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

### **Other Matters**

We did not audit the financial statements of five subsidiaries, whose financial statements reflect total assets of Rs. 4,186.32 lakhs as at 31 March 2021, total revenues of Rs. 7,924.29 lakhs and net cash outflows amounting to Rs. 130.21 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the

financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

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

### **Report on Other Legal and Regulatory Requirements**

- A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the 'Other Matters' paragraph:
- i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2021 on the consolidated financial position of the Group. Refer Note 35 to the consolidated financial statements.
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2021.

- iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary company incorporated in India during the year ended 31 March 2021.
- iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2021.

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

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

*For B S R & Associates LLP*

*Chartered Accountants*

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

**SANDEEP  
BATRA**

Digitally signed by  
SANDEEP BATRA  
Date: 2021.05.25  
16:23:52 +05'30'

**Sandeep Batra**

Partner

Membership No. 093320

UDIN: 21093320AAAAAT2425

Place: Gurugram

Date: 25 May 2021

**Annexure A to the Independent Auditors' report on the consolidated financial statements of Newgen Software Technologies Limited for the year ended 31 March 2021**

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

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

**Opinion**

In conjunction with our audit of the consolidated financial statements of Newgen Software Technologies Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and such company incorporated in India under the Companies Act, 2013 which is its subsidiary company, as of that date.

The Holding Company has 5 subsidiary companies incorporated outside India and operating effectiveness of internal financial controls with reference to financial statements is not applicable to such subsidiary companies.

In our opinion, the Holding Company and such company incorporated in India which is its subsidiary company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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

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

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

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

### **Meaning of Internal Financial controls with Reference to Consolidated Financial Statements**

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

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

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

### **Other Matters**

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

*For B S R & Associates LLP*

*Chartered Accountants*

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

**SANDEEP** Digitally signed by  
**BATRA** SANDEEP BATRA  
Date: 2021.05.25  
16:25:04 +05'30'

**Sandeep Batra**

Partner

Membership No. 093320

UDIN: 21093320AAAAAT2425

Place: Gurugram

Date: 25 May 2021

**Newgen Software Technologies Limited**  
**Consolidated Balance Sheet as at 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

	Note	As at 31 March 2021	As at 31 March 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	15,783.39	6,641.33
Capital work-in-progress	4	-	9,072.62
Right-of-use assets	18	4,647.42	6,252.30
Intangible assets	5	64.12	139.56
Financial assets			
Loans	6	343.75	437.76
Other financial assets	7	3,353.46	358.29
Deferred tax assets (net)	32	1,979.74	2,265.97
Income tax assets (net)	8	985.82	1,581.18
Other non-current assets	9	6.83	91.20
<b>Total non-current assets</b>		<b>27,164.53</b>	<b>26,840.21</b>
<b>Current assets</b>			
Financial assets			
Investments	10	8,317.46	7,610.67
Trade receivables	11	23,854.30	26,939.67
Cash and cash equivalents	12	7,174.94	10,011.04
Other bank balances	12A	17,000.00	6,516.11
Loans	13	201.11	132.18
Other financial assets	14	7,604.02	8,260.42
Other current assets	15	741.32	797.35
<b>Total current assets</b>		<b>64,893.15</b>	<b>60,267.44</b>
<b>TOTAL ASSETS</b>		<b>92,057.68</b>	<b>87,107.65</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	16	6,930.60	6,908.98
Other equity	17		
Securities premium		10,173.59	10,069.60
Retained earnings		46,362.60	35,113.48
Others (including items of other comprehensive income)		3,102.88	2,814.58
<b>Total equity attributable to the owners of the Company</b>		<b>66,569.67</b>	<b>54,906.64</b>
<b>Non-current liabilities</b>			
Financial liabilities			
Lease liabilities	18	1,391.36	2,296.15
Deferred tax liability	32	-	17.39
Provisions	19	2,857.89	2,332.36
<b>Total non-current liabilities</b>		<b>4,249.25</b>	<b>4,645.90</b>
<b>Current liabilities</b>			
Financial liabilities			
Lease liabilities	18	617.76	1,334.14
Borrowings	20	-	7,453.21
Trade payables	21	2,264.31	2,750.76
Other financial liabilities	22	4,383.04	4,119.73
Deferred income	23	10,391.66	10,090.39
Other current liabilities	24	1,348.30	1,305.60
Provisions	25	461.58	407.96
Income tax liabilities (net)	8A	1,772.11	93.32
<b>Total current liabilities</b>		<b>21,238.76</b>	<b>27,555.11</b>
<b>Total liabilities</b>		<b>25,488.01</b>	<b>32,201.01</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>92,057.68</b>	<b>87,107.65</b>

Summary of significant accounting policies

3

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

As per our report of even date

**For B S R & Associates LLP**

Chartered Accountants

Firm Registration No.: 116231W / W-100024

**SANDEEP  
BATRA**  
Digitally signed by  
SANDEEP BATRA  
Date: 2021.05.25  
15:36:01 +05'30'

**Sandeep Batra**

Partner

Membership No.: 093320

UDIN:21093320AAAAAT2425

Place: Gurugram  
Date: 25 May 2021

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

**DIWAKAR  
NIGAM**  
Digitally signed by  
DIWAKAR NIGAM  
Date: 2021.05.25 14:04:29  
+05'30'

**Diwakar Nigam**

Chairman & Managing Director

DIN: 00263222

Place: New Delhi  
Date: 25 May 2021

**TIRUMALAI  
SUNDARAJA  
IYENGAR  
VARADARAJAN**

**T.S.Varadarajan**

Whole Time Director

DIN: 00263115

Place: Chennai  
Date: 25 May 2021

**Arun Kumar  
Gupta**  
Digitally signed by Arun Kumar Gupta  
Date: 2021.05.25 14:22:09  
+05'30'

**Arun Kumar Gupta**

Chief Financial Officer

Membership No: 056859

Place: Noida  
Date: 25 May 2021

**AMAN  
MOURYA**  
Digitally signed by AMAN  
MOURYA  
Date: 2021.05.25 14:22:09  
+05'30'

**Aman Mourya**

Company Secretary

Membership No: F9975

Place: Noida  
Date: 25 May 2021



Newgen Software Technologies Limited  
**Consolidated Statement of Profit and Loss for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

	Note	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Income</b>			
Revenue from operations	26	67,262.44	66,075.62
Other income	27	1,503.74	2,096.29
<b>Total income</b>		<b>68,766.18</b>	<b>68,171.91</b>
<b>Expenses</b>			
Employee benefits expense	28	32,761.76	34,239.46
Finance costs	29	562.58	1,091.21
Depreciation and amortisation expense	30	2,014.97	1,991.11
Other expenses	31	15,310.17	21,375.96
<b>Total expenses</b>		<b>50,649.48</b>	<b>58,697.74</b>
<b>Profit before tax</b>		<b>18,116.70</b>	<b>9,474.17</b>
<b>Tax expense</b>			
Current tax	32	3,977.42	2,572.19
Tax expense for earlier years		1,288.86	78.85
Deferred tax charge / (credit)		202.19	(450.33)
<b>Income tax expense</b>		<b>5,468.47</b>	<b>2,200.71</b>
<b>Profit for the year</b>		<b>12,648.23</b>	<b>7,273.46</b>
<b>Other comprehensive income / (loss)</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of defined benefit liability (asset)		102.73	(106.35)
Income tax relating to items that will not be reclassified to profit or loss		(35.90)	37.16
<b>Net other comprehensive income / (loss) not to be reclassified subsequently to profit or loss</b>		<b>66.83</b>	<b>(69.19)</b>
<b>Items that will be reclassified subsequently to profit or loss</b>			
Debt instruments through other comprehensive income - net change in fair value		75.25	5.72
Income tax relating to items that will be reclassified to profit or loss		(26.30)	(2.00)
Exchange differences on translation of foreign operations		117.69	307.17
<b>Net other comprehensive income to be reclassified subsequently to profit or loss</b>		<b>166.64</b>	<b>310.89</b>
<b>Other comprehensive income for the year, net of income tax</b>		<b>233.47</b>	<b>241.70</b>
<b>Total comprehensive income for the year</b>		<b>12,881.70</b>	<b>7,515.16</b>
<b>Profit attributable to:</b>			
Owners of the Company		12,648.23	7,273.46
Non-Controlling Interests		-	-
<b>Profit for the year</b>		<b>12,648.23</b>	<b>7,273.46</b>
<b>Other comprehensive income attributable to:</b>			
Owners of the Company		233.47	241.70
Non-Controlling Interests		-	-
<b>Other comprehensive income for the year</b>		<b>233.47</b>	<b>241.70</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		12,881.70	7,515.16
Non-Controlling Interests		-	-
<b>Total comprehensive income for the year</b>		<b>12,881.70</b>	<b>7,515.16</b>
<b>Earnings per equity share</b>			
Nominal value of share INR 10 (31 March 2020: INR 10)	34		
Basic earning per share (INR)		18.28	10.56
Diluted earning per share (INR)		18.10	10.51
Summary of significant accounting policies	3		

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

**For B S R & Associates LLP**

Chartered Accountants  
Firm Registration No.: 116231W / W-100024

**SANDEEP  
BATRA** Digitally signed by  
SANDEEP BATRA  
Date: 2021.05.25  
15:37:33 +05'30'

**Sandeep Batra**  
Partner  
Membership No.: 093320  
UDIN:21093320AAAAAT2425

Place: Gurugram  
Date: 25 May 2021

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

**DIWAKAR NIGAM** Digitally signed by  
DIWAKAR NIGAM  
Date: 2021.05.25  
15:05:49 +05'30'

**Diwakar Nigam**  
Chairman & Managing Director  
DIN: 00263222

Place: New Delhi  
Date: 25 May 2021

**TIRUMALAI  
SUNDARAJA  
IYENGAR  
VARADARAJAN**

**T.S.Varadarajan**  
Whole Time Director  
DIN: 00263115

Place: Chennai  
Date: 25 May 2021

**Arun  
Kumar  
Gupta**

**Arun Kumar Gupta**  
Chief Financial Officer  
Membership No: 056859

Place: Noida  
Date: 25 May 2021

**AMAN  
MOURYA** Digitally signed by  
AMAN MOURYA  
Date: 2021.05.25  
14:21:32 +05'30'

**Aman Mourya**  
Company Secretary  
Membership No: F9975

Place: Noida  
Date: 25 May 2021

Newgen Software Technologies Limited  
 Consolidated Statement of Changes in Equity for the year ended 31st March 2021  
 (All amounts are in lakhs of Indian Rupees, unless otherwise stated)

a. Share capital

Particulars	Equity share capital		Total share capital
	Number	Amount	Amount
Balance as at 1 April 2019	69,585,701	6,958.57	6,958.57
Add: Issued during the year to Newgen ESOP Trust	370,000	37.00	37.00
Balance as at 31 March 2020	69,955,701	6,995.57	6,995.57
Less: Shares held by Newgen ESOP Trust	865,888	86.59	86.59
<b>Total Share capital as at 31 March 2020</b>	<b>69,089,813</b>	<b>6,908.98</b>	<b>6,908.98</b>
Balance as at 1 April 2020	69,955,701	6,995.57	6,995.57
Add: Issued during the year to Newgen ESOP Trust	-	-	-
Balance as at 31 March 2021	69,955,701	6,995.57	6,995.57
Less: Shares held by Newgen ESOP Trust	649,696	64.97	64.97
<b>Total Share capital as at 31 March 2021</b>	<b>69,306,005</b>	<b>6,930.60</b>	<b>6,930.60</b>

b. Other equity\*

Particulars	Securities premium	Retained earnings	Others					Items of Other comprehensive income			Total attributable to owners of the Group
			Capital redemption reserve	General reserve	Capital reserve	Newgen ESOP Trust reserve	Share options outstanding reserve	Foreign currency translation reserve	Remeasurement of defined benefit liability	Debt instruments through OCI	
Balance as at 1 April 2019	9,977.93	30,607.26	87.95	1,731.39	0.21	257.78	459.20	80.03	(27.10)	16.80	43,191.45
Transition impact of Ind AS 116- Leases, net of taxes (refer note 17)		(250.56)									(250.56)
Restated balance as at 1 April 2019	9,977.93	30,356.70	87.95	1,731.39	0.21	257.78	459.20	80.03	(27.10)	16.80	42,940.89
Profit for the year	-	7,273.46	-	-	-	-	-	-	-	-	7,273.46
Other comprehensive income/(loss) (net of tax)	-	-	-	-	-	-	-	307.17	(69.18)	3.72	241.71
Securities premium on issue of shares to Newgen ESOP Trust	196.10	-	-	-	-	-	-	-	-	-	196.10
<b>Transactions with owners, recorded directly in equity</b>											
Addition to Newgen ESOP Trust reserve	-	-	-	-	-	39.69	-	-	-	-	39.69
<b>Contributions by and distributions to owners</b>											
Dividend on equity shares	-	(2,087.57)	-	-	-	-	-	-	-	-	(2,087.57)
Dividend distribution tax on dividend on equity shares	-	(429.11)	-	-	-	-	-	-	-	-	(429.11)
Employee stock compensation expense	-	-	-	-	-	-	87.03	-	-	-	87.03
(Gain) of debt instrument transferred to statement of profit & loss	-	-	-	-	-	-	-	-	-	(19.63)	(19.63)
Transferred to securities premium account on exercise of stock options	140.48	-	-	-	-	-	(140.48)	-	-	-	-
Balance as at 31 March 2020	10,314.50	35,113.48	87.95	1,731.39	0.21	297.47	405.75	387.20	(96.29)	0.89	48,242.57
Less: Securities premium on shares held by Newgen ESOP Trust	244.91	-	-	-	-	-	-	-	-	-	244.91
Balance as at 31 March 2020	10,069.60	35,113.48	87.95	1,731.39	0.21	297.47	405.75	387.20	(96.29)	0.89	47,997.66
Balance as at 1 April 2020	10,314.50	35,113.48	87.95	1,731.39	0.21	297.47	405.75	387.20	(96.29)	0.89	48,242.56
Total comprehensive income for the year ended 31 March 2021	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	12,648.23	-	-	-	-	-	-	-	-	12,648.23
Other comprehensive income/(loss) (net of tax)	-	-	-	-	-	-	-	117.69	66.83	48.96	233.48
<b>Transactions with owners, recorded directly in equity</b>											
Addition to Newgen ESOP Trust reserve	-	-	-	-	-	106.85	-	-	-	-	106.85
<b>Contributions by and distributions to owners</b>											
Dividend on equity shares	-	(1,399.11)	-	-	-	-	-	-	-	-	(1,399.11)
Employee stock compensation expense	-	-	-	-	-	-	64.59	-	-	-	64.59
(Gain) of debt instrument transferred to Statement of Profit and Loss	-	-	-	-	-	-	-	-	-	8.99	8.99
Transferred to securities premium account on exercise of stock options	104.00	-	-	-	-	-	(125.62)	-	-	-	(21.62)
Balance as at 31 March 2021	10,418.50	46,362.60	87.95	1,731.39	0.21	404.32	344.72	504.89	(29.46)	58.84	59,883.98
Less: Securities premium on shares held by Newgen ESOP Trust	244.91	-	-	-	-	-	-	-	-	-	244.91
Balance as at 31 March 2021	10,173.59	46,362.60	87.95	1,731.39	0.21	404.32	344.72	504.89	(29.46)	58.84	59,639.07

\* Refer Note 17

Summary of significant accounting policies

Note 3

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

As per our report of even date attached

For B S R & Associates LLP

Chartered Accountants

Firm Registration No.: 116231W / W-100024

**SANDEEP BATRA**  
 Digitally signed by SANDEEP BATRA  
 Date: 2021.05.25 15:39:54 +05'30'

Sandeep Batra  
 Partner  
 Membership No.: 093320  
 UDIN: 21093320AAAAAT2425

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

**DIWAKAR NIGAM**  
 Digitally signed by DIWAKAR NIGAM  
 Date: 2021.05.25 14:05:01 +05'30'

Diwakar Nigam  
 Chairman & Managing Director  
 DIN: 00263222

**T.S.VARADARAJAN**  
 Digitally signed by T.S.VARADARAJAN  
 Date: 2021.05.25 14:05:01 +05'30'

T.S.Varadarajan  
 Whole Time Director  
 DIN: 00263115

**Arun Kumar Gupta**  
 Digitally signed by Arun Kumar Gupta  
 Date: 2021.05.25 14:05:01 +05'30'

Arun Kumar Gupta  
 Chief Financial Officer  
 Membership No: 056859

**AMAN MOURYA**  
 Digitally signed by AMAN MOURYA  
 Date: 2021.05.25 14:20:36 +05'30'

Aman Mourya  
 Company Secretary  
 Membership No: F9975

Place: Gurugram  
 Date: 25 May 2021

Place: New Delhi  
 Date: 25 May 2021

Place: Chennai  
 Date: 25 May 2021

Place: Noida  
 Date: 25 May 2021

Place: Noida  
 Date: 25 May 2021

**Newgen Software Technologies Limited**  
**Consolidated Statement of Cash Flows for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>A. Cash flows from operating activities</b>		
<b>Net profit before tax</b>	<b>18,116.70</b>	<b>9,474.17</b>
Adjustments for:		
Depreciation and amortisation	2,010.23	1,991.10
Gain on sale of property, plant and equipment	(10.16)	(1.10)
Loss allowance on trade receivables	3,061.38	2,235.77
Liabilities/ provision no longer required written back	(7.27)	(169.22)
Loss allowance on other financial assets	-	23.72
Unrealised foreign exchange gain	(13.71)	(368.45)
Share based payment - equity settled	64.59	87.03
Finance cost on lease liabilities	282.75	344.78
Finance cost	192.70	649.65
Fair value changes of financial assets at FVTPL	(70.60)	(173.01)
(Profit)/Loss on redemption of mutual funds (net) at FVTPL	(125.98)	6.85
Loss on redemption of bonds at FVTOCI	27.78	7.07
Interest income on security deposits at amortised cost	(38.69)	(40.09)
Interest income from government and other bonds at FVTOCI	(240.64)	(148.11)
Interest income from bank deposits	(755.86)	(804.51)
Profit on lease termination	(87.49)	-
<b>Operating cash flow before working capital changes</b>	<b>22,405.73</b>	<b>13,115.65</b>
Increase in trade receivables	(55.23)	(2,752.31)
Decrease/(Increase) in loans	74.50	(108.73)
Decrease/(Increase) in other financial assets	868.46	(1,773.63)
Decrease in other assets	50.67	43.46
Increase in provisions	679.37	353.49
Increase in other financial liabilities	723.70	167.22
Increase in other liabilities	460.19	2,742.66
(Decrease)/Increase in trade payables	(489.97)	435.37
<b>Cash generated from operations</b>	<b>24,717.42</b>	<b>12,223.18</b>
Income taxes paid (net)	(3,147.52)	(3,217.85)
<b>Net cash generated from operating activities (A)</b>	<b>21,569.90</b>	<b>9,005.33</b>
<b>B. Cash flows from investing activities</b>		
Acquisition or construction of property, plant and equipment including intangible assets, capital work-in-progress and capital advances	(1,171.15)	(4,379.06)
Proceeds from sale of property plant and equipment	12.33	2.79
Purchase of mutual funds and government bonds	(14,893.34)	(4,742.85)
Proceeds from redemption of mutual funds and bonds	14,444.43	2,467.46
Interest income from bonds	168.20	168.30
Interest received on bank deposits and others	627.36	502.06
Investment in bank deposits (net of maturities)	(13,483.99)	(4,415.10)
<b>Net cash used in investing activities (B)</b>	<b>(14,296.16)</b>	<b>(10,396.40)</b>
<b>C. Cash flows from financing activities</b>		
(Repayment of) / proceeds from short-term borrowings (net)	(7,453.21)	454.03
Repayment of lease liabilities	(1,446.13)	(2,442.88)
Proceeds from issue of equity shares under ESOP scheme	-	380.97
Dividend paid	(1,399.11)	(2,087.57)
Dividend distribution tax	-	(429.11)
Interest expense on borrowings	(86.71)	(635.26)
Gain on transfer of equity shares by Newgen ESOP trust	153.95	39.69
<b>Net cash used in financing activities (C)</b>	<b>(10,231.21)</b>	<b>(4,720.13)</b>
<b>Net decrease in cash and cash equivalents (A + B + C)</b>	<b>(2,957.47)</b>	<b>(6,111.20)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>10,011.04</b>	<b>15,775.13</b>
<b>Effect of exchange differences on translation of foreign currency cash and cash equivalents</b>	<b>121.37</b>	<b>347.11</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>7,174.94</b>	<b>10,011.04</b>
<b>Components of cash and cash equivalents: (refer note 12)</b>		
Cash in hand	3.08	4.51
Balances with banks:		
- in current accounts	7,011.86	6,006.53
- balances with scheduled banks in deposit accounts with original maturity of less than 3 months	160.00	4,000.00
	<b>7,174.94</b>	<b>10,011.04</b>

**Notes:**

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

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

As per our report of even date attached

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

**SANDEEP BATRA**  
Digitally signed by  
SANDEEP BATRA  
Date: 2021.05.25  
15:42:00 +05'30'

**Sandeep Batra**  
Partner  
Membership No.: 093320  
UDIN: 21093320AAAAAT2425

Place: Gurugram  
Date: 25 May 2021

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

**DIWAKAR NIGAM**  
Digitally signed by  
DIWAKAR NIGAM  
Date: 2021.05.25 14:06:06  
+05'30'

**Diwakar Nigam**  
Chairman & Managing Director  
DIN: 00263222

Place: New Delhi  
Date: 25 May 2021

**TIRUMALAI SUNDARAJA IYENGAR VARADARAJAN**  
Digitally signed by  
TIRUMALAI SUNDARAJA IYENGAR VARADARAJAN  
Date: 2021.05.25 14:06:06  
+05'30'

**T.S.Varadarajan**  
Whole Time Director  
DIN: 00263115

Place: Chennai  
Date: 25 May 2021

**Arun Kumar Gupta**  
Digitally signed by  
ARUN KUMAR GUPTA  
Date: 2021.05.25  
14:20:03 +05'30'

**Arun Kumar Gupta**  
Chief Financial Officer  
Membership No: 056859

Place: Noida  
Date: 25 May 2021

**AMAN MOURYA**  
Digitally signed by  
AMAN MOURYA  
Date: 2021.05.25  
14:20:03 +05'30'

**Aman Mourya**  
Company Secretary  
Membership No: F9975

Place: Noida  
Date: 25 May 2021

**Newgen Software Technologies Limited**  
**Notes to consolidated financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

---

## **1. Background**

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

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

## **2. Basis of Preparation**

### **A. Statement of compliance**

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

The consolidated financial statements were authorised for issue by the Company’s Board of Directors on 25 May 2021.

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

### **B. Basis of Consolidation**

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

<b>Name of Subsidiaries</b>	<b>Country of Incorporation</b>	<b>Effective Shareholding (%)</b>
Newgen Software Inc.	U.S.A	100
Newgen Software Technologies Canada, Limited	Canada	100
Newgen Software Technologies PTY Limited.	Australia	100

## **Newgen Software Technologies Limited**

**Notes to consolidated financial statements for the year ended 31 March 2021**

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

---

Newgen Software Technologies PTE, Limited	Singapore	100
Newgen Software Technologies (UK) Limited	United Kingdom	100
Newgen Computers Technologies Limited	India	100

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

The financial statements of the Holding Company and its subsidiary companies are combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and unrealized profits in full in accordance with Ind AS 110 – “Consolidated Financial Statements”. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post-acquisition increase/decrease in the reserves of the consolidated entities.

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

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

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

### **C. Functional and presentation currency**

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

**Newgen Software Technologies Limited**  
**Notes to consolidated financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

---

**D. Basis of measurement**

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

<b>Items</b>	<b>Measurement basis</b>
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 judgments**

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.

***Judgments***

Information about judgments 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 3(i) and Note 26 – revenue recognition from fixed price contracts of software implementation services: percentage of completion method to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended.
- Note 3(l) and Note 18 – determination of lease term;

***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 2021 is included in the following notes:

- Note 3(c)(iii) – Estimation of Useful lives of intangible assets and Property, plant and equipment
- 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 42(a) – Impairment of trade receivables and financial assets.
- Note 18 – Recognition of right of use asset and lease liability

***Impact of COVID-19 (pandemic)***

The Group has taken into account all the possible impacts of COVID-19 in preparation of these consolidated financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue recognition owing to changes in cost budgets of fixed price contracts and impact on leases. The Group has carried out this assessment based on available internal and external sources of information upto the date of approval of these consolidated financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the consolidated financial statements may differ from that estimated as at the date of approval of these consolidated financial statements owing to the nature and duration of COVID-19

**F. Current and non-current classification**

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

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

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

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

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

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

***Operating cycle***

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

### **G. Measurement of fair values**

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

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

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

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

Note 34 – Share-based payment arrangements; and

Note 43 – Financial instruments.

### **3. Significant Accounting Policies**

#### **a. Foreign currency**

##### *i. Functional currency*

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



*ii. Foreign currency transactions*

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

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

**b. Financial instruments**

*i. Recognition and initial measurement*

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

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

*ii. Classification and subsequent measurement*

Financial assets:

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

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

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

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

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

## Newgen Software Technologies Limited

### Notes to consolidated financial statements for the year ended 31 March 2021

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

---

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

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

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

#### *Financial assets: Business model assessment*

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

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Group'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 Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

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

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

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

**Newgen Software Technologies Limited**  
**Notes to consolidated financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

---

*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 de-recognition 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 de-recognition, 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 Statement of 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 de-recognition is also recognised in profit or loss.

*iii. Derecognition*

*Financial assets*

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

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

**Newgen Software Technologies Limited**  
**Notes to consolidated financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

---

*Financial liabilities*

The Group de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

*iv. Offsetting*

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

*v. Derivatives and Embedded derivatives*

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

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

**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.

**Newgen Software Technologies Limited**  
**Notes to consolidated financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

---

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not ready to use before such date are disclosed under 'Capital work-in-progress.

*ii. Subsequent expenditure*

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

*iii. Depreciation*

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

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

<b>Category of Property, plant and equipment</b>	<b>Estimated useful life (Years)</b>
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 Group are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less accumulated amortisation and accumulated impairment loss, if any.

*Subsequent expenditure*

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

*Amortization*

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

Gains or losses arising from de-recognition 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 Statement profit or loss when the asset is derecognized.

**e. Impairment**

*i. Impairment of financial instruments*

The Group recognises loss allowances for expected credit losses on:

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

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

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

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

**Newgen Software Technologies Limited**  
**Notes to consolidated financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

---

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

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

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

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

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

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

*Measurement of expected credit losses*

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

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

*Presentation of allowance for expected credit losses in the balance sheet*

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

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

*Write-off*

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

*ii. Impairment of Non-financial assets*

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

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

**f. Employee benefits**

*i. Short-term employee benefits*

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

*ii. Share-based payment transactions*

The grant date fair value of equity settled share-based payment awards granted to employees of the Group and subsidiaries of the Group 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 Group makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.



## **Newgen Software Technologies Limited**

### **Notes to consolidated financial statements for the year ended 31 March 2021**

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

---

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

#### *iv. Defined benefit plans*

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

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

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

#### *v. Other long-term employee benefits*

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

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

**g. Provisions (other than for employee benefits)**

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

*Onerous contracts*

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

**h. Contingent liabilities**

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

**i. Revenue**

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

Revenues from customer's contracts are considered for recognition and measurement when the contract has been approved by the parties, in writing, to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Group has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

**Newgen Software Technologies Limited**  
**Notes to consolidated financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

---

*i. Sale of License*

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

*ii. Rendering of services*

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

*Software Implementation Services*

The revenue from fixed price contracts for software implementation is recognized based on proportionate completion method based on hours expended, and foreseeable losses on the completion of contract, if any are recognized immediately. Efforts or costs expended have been used to determine progress towards completion as there is a direct relationship between input and productivity. Progress towards completion is measured as the ratio of costs or efforts incurred to date (representing work performed) to the estimated total costs or efforts. Estimates of transaction price and total costs or efforts are continuously monitored over the lives of the contracts and are recognized in profit or loss in the period when these estimates change or when the estimates are revised. Revenues and the estimated total costs or efforts are subject to revision as the contract progresses. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

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

*Digitization services*

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

*Annual Technical services*

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

*iii. Sale of right to use software*

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

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

## **Newgen Software Technologies Limited**

### **Notes to consolidated financial statements for the year ended 31 March 2021**

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

---

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

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

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

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue (“contract liability”) is recognised when there is billings in excess of revenues.

**j. Recognition of dividend income, interest income or expense**

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

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

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

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

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

**k. Sale of investments**

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

**l. Leases**

**The Group as a lessee**

The Group's lease asset classes primarily consist of leases for land and buildings. The group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether: (1) the contract involves the use of an identified asset (2) the group has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus

**Newgen Software Technologies Limited**  
**Notes to consolidated financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

---

any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

**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;

## **Newgen Software Technologies Limited**

### **Notes to consolidated financial statements for the year ended 31 March 2021**

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

---

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

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

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

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

Minimum Alternative Tax (“MAT”) under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Group 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 Group by the weighted average number of equity shares outstanding during the year.

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

#### **p. Share Capital**

##### *Equity Shares*

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

**Newgen Software Technologies Limited**  
**Notes to consolidated financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

---

*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. Basis of segmentation**

*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 45 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

**t. Standards issued but not yet effective**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2021.



Newgen Software Technologies Limited  
Notes to the Consolidated financial statements for the year ended 31 March 2021  
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

4 Property, plant and equipment and capital work in progress

Cost	Freehold land	Leasehold land*	Buildings	Plant and machinery	Leasehold improvements	Vehicles	Office equipment	Furniture and fixtures	Computer and servers	Total	Capital work-in-progress#
Balance as at 1 April 2019	4.28	3,523.68	1,728.40	344.49	5.99	244.85	422.44	344.56	1,389.96	8,008.64	8,321.36
Transition impact of Ind AS 116 (refer note 18)	-	(3,523.68)	-	-	-	-	-	-	-	(3,523.68)	-
Additions during the year	-	-	2,386.00	141.87	-	-	745.76	99.24	443.72	3,816.59	3,959.24
Translation exchange difference during the year	-	-	-	-	-	-	0.03	3.19	1.66	4.88	-
Capitalized during the year	-	-	-	-	-	-	-	-	-	-	(3,207.98)
Less: Disposals during the year	-	-	-	14.41	-	-	7.05	3.89	37.61	62.96	-
Balance as at 31 March 2020	4.28	-	4,114.40	471.95	5.99	244.85	1,161.18	443.10	1,797.72	8,243.46	9,072.62
Balance as at 1 April 2020	4.28	-	4,114.40	471.95	5.99	244.85	1,161.18	443.10	1,797.72	8,243.46	9,072.62
Additions during the year	-	-	8,802.73	299.31	-	-	171.46	283.97	289.11	9,846.59	437.91
Translation exchange difference during the year	-	-	-	-	-	-	(0.00)	(1.92)	(0.08)	(2.01)	-
Capitalized during the year	-	-	-	-	-	-	-	-	-	-	(9,510.53)
Less: Disposals during the year	-	-	-	16.08	-	16.20	16.44	16.71	82.41	147.84	-
Balance as at 31 March 2021	4.28	-	12,917.13	755.18	5.99	228.65	1,316.20	708.44	2,004.34	17,940.20	-
<b>Accumulated Depreciation</b>											
Balance as at 1 April 2019	-	118.50	74.09	107.34	5.98	76.43	145.73	104.96	612.13	1,245.16	-
Transition impact of Ind AS 116 (refer note 18)	-	(118.50)	-	-	-	-	-	-	-	(118.50)	-
Additions during the year	-	-	41.40	42.05	-	34.58	70.89	47.12	299.51	535.55	-
Translation exchange difference during the year	-	-	-	-	0.01	-	0.01	0.70	0.47	1.19	-
Less: Disposals during the year	-	-	-	13.94	-	-	6.99	3.25	37.08	61.26	-
Balance as at 31 March 2020	-	-	115.49	135.45	5.99	111.01	209.64	149.53	875.03	1,602.14	-
Balance as at 1 April 2020	-	-	115.49	135.45	5.99	111.01	209.64	149.53	875.03	1,602.14	-
Additions during the year	-	-	107.30	54.56	-	34.49	128.84	57.59	317.80	700.58	-
Translation exchange difference during the year	-	-	-	-	-	-	(0.10)	(0.14)	0.00	(0.23)	-
Less: Disposals during the year	-	-	-	15.49	-	16.20	16.25	15.54	82.19	145.67	-
Balance as at 31 March 2021	-	-	222.79	174.52	5.99	129.30	322.14	191.44	1,110.64	2,156.81	-
<b>Carrying amount (net)</b>											
Balance as at 31 March 2020	4.28	-	3,998.90	336.50	-	133.84	951.54	293.57	922.69	6,641.33	9,072.62
Balance as at 31 March 2021	4.28	-	12,694.34	580.66	-	99.35	994.06	517.00	893.70	15,783.39	-

As at 31 March 2021 properties with a carrying amount of INR 374.60 lakhs (31 March 2020 : INR 382.70 lakhs) are subject to first charge to working capital loans from banks.

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

# Capital work in progress represents acquisition and further construction of office premises at Noida, Uttar Pradesh wherein cost incurred upto 31 March 2020 amounting to INR 9,072.62 lakhs. During the year ended 31 March 2021, additional cost was incurred amounting to Rs. INR 437.91 lakhs on construction of building and the total amount of INR 9,510.53 lakhs was capitalised during the year.

5 Intangible assets

Cost	Computer software
Balance as at 1 April 2019	304.25
Additions during the year	97.69
Balance as at 31 March 2020	401.94
Balance as at 1 April 2020	401.94
Additions during the year	8.56
Balance as at 31 March 2021	410.50
<b>Accumulated Amortisation</b>	
Balance as at 1 April 2019	173.70
Additions during the year	88.68
Balance as at 31 March 2020	262.38
Balance as at 1 April 2020	262.38
Additions during the year	84.01
Balance as at 31 March 2021	346.39
<b>Carrying amount (net)</b>	
Balance as at 31 March 2020	139.56
Balance as at 31 March 2021	64.12

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

Security deposits

As at 31 March 2021	As at 31 March 2020
343.75	437.76
<b>343.75</b>	<b>437.76</b>

**7 Other financial assets (non-current)**

Bank deposits  
- pledged with tax authorities  
- held as margin money\*  
Interest accrued on deposits  
Earnest money deposits  
Unsecured, considered good  
Unsecured, considered doubtful  
Less: Loss allowance for doubtful deposits

As at 31 March 2021	As at 31 March 2020
4.42	4.14
3,289.36	287.96
47.40	31.80
12.28	34.39
164.75	164.75
(164.75)	(164.75)
<b>3,353.46</b>	<b>358.29</b>

\*Bank deposits held as margin money represents deposits made on account of guarantees issued to government customers amounting to INR 282.03 lakhs (31 March 2020: INR 282.21 lakhs) and deposits made to avail overdraft facilities amounting to INR 3,000.00 lakhs (31 March 2020: INR Nil)  
Information about Company's exposure to credit and market risks and fair value measurement is included in Note 42(c).

**8 Income tax assets (net)**

Advance income tax (net of provision of INR 5,453.20 lakhs (31 March 2020: INR 12,005.47 lakhs))

As at 31 March 2021	As at 31 March 2020
985.82	1,581.18
<b>985.82</b>	<b>1,581.18</b>

**8A Income tax liabilities (net)**

Provision for tax (net of advance tax of INR 7,084.45 lakhs (31 March 2020: INR Nil))

As at 31 March 2021	As at 31 March 2020
1,772.11	93.32
<b>1,772.11</b>	<b>93.32</b>

**9 Other non-current assets**

Prepaid expenses  
Capital advances

As at 31 March 2021	As at 31 March 2020
6.83	31.66
-	59.54
<b>6.83</b>	<b>91.20</b>

**10 Investments (refer note 40)**

**Investments in bonds (unquoted)**

Bonds at FVOCI  
Investment in government bonds  
Investment in other bonds

As at 31 March 2021	As at 31 March 2020
3,561.72	1,982.38
-	608.54
<b>3,561.72</b>	<b>2,590.92</b>

**Investments in mutual funds (unquoted)**

Mutual funds at FVTPL

4,755.74	5,019.75
<b>4,755.74</b>	<b>5,019.75</b>
<b>8,317.46</b>	<b>7,610.67</b>

Aggregate book value of unquoted investments

8,317.46                      7,610.67

Investments in bonds measured at FVOCI have stated interest rates of 7.04% to 8.63%. Information about Company's exposure to credit and market risks and fair value measurement is included in Note 42(c).

**11 Trade receivables**

**(Unsecured, considered good, unless stated otherwise)**

Unsecured\*

- Considered good  
- Considered doubtful

Less: Loss allowance for trade receivables  
- unsecured, considered doubtful

	As at 31 March 2021	As at 31 March 2020
	23,854.30	26,939.67
	4,366.11	5,488.49
	<b>28,220.41</b>	<b>32,428.16</b>
	(4,366.11)	(5,488.49)
	<b>23,854.30</b>	<b>26,939.67</b>

\*No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, director or a member.

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

The Company's exposure to credit and currency risks and loss allowances related to trade receivables are discussed in note 42(c).

**12 Cash and cash equivalents**

Cash on hand  
Balances with banks  
- in current accounts\*  
Balances with scheduled banks in deposit accounts with original maturity of less than 3 months

	As at 31 March 2021	As at 31 March 2020
	3.08	4.51
	7,011.86	6,006.53
	160.00	4,000.00
	<b>7,174.94</b>	<b>10,011.04</b>

\*Current account balances with banks include INR 142.43 lakhs (31 March 2020: INR 118.65 lakhs) held at a foreign branch.

**12A Other bank balances**

Balances with scheduled banks in deposit accounts  
- Original maturity of less than 12 months

	As at 31 March 2021	As at 31 March 2020
	17,000.00	6,516.11
	<b>17,000.00</b>	<b>6,516.11</b>

**13 Current financial assets - Loans**

Loans to employees\*  
Security deposits

	As at 31 March 2021	As at 31 March 2020
	9.04	7.54
	192.07	124.64
	<b>201.11</b>	<b>132.18</b>

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

**14 Current financial assets - Others**

**(unsecured considered good, unless otherwise stated)**

Interest accrued on deposits  
Interest accrued but not due on government bonds  
Unbilled revenue\*  
- other than related parties

	As at 31 March 2021	As at 31 March 2020
	519.11	406.97
	158.87	86.43
	6,926.04	7,767.02
	<b>7,604.02</b>	<b>8,260.42</b>

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

During the year ended 31 March 2021 INR 3,224.27 lakhs (31 March 2020 INR 3,536.00 lakhs) of unbilled revenue as of 1 April 2020 has been reclassified to trade receivables upon billing to customers on completion of milestones.

**15 Other current assets**

Advances to vendors  
Balances with government authorities\*  
Deferred contract cost  
Advance to employees  
Prepaid expenses  
Other current assets

	As at 31 March 2021	As at 31 March 2020
	20.85	19.49
	-	26.54
	93.90	123.00
	51.67	163.93
	569.89	438.48
	5.01	25.91
	<b>741.32</b>	<b>797.35</b>

\*Balances with government authorities comprises of Goods and Service tax.

16 Share capital

	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised share capital</b>				
Equity shares of INR 10 each	98,000,200	9,800.02	98,000,200	9,800.02
0.01% Compulsory convertible preference shares of INR 10 each	11,999,800	1,199.98	11,999,800	1,199.98
	<b>110,000,000</b>	<b>11,000.00</b>	<b>110,000,000</b>	<b>11,000.00</b>

	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount	Number of shares	Amount
<b>Issued, subscribed and paid up</b>				
Equity share capital of INR 10 each, fully paid up	69,955,701	6,995.57	69,585,701	6,958.57
Add: Issued during the year to Newgen ESOP Trust	-	-	370,000	37.00
<b>Balance</b>	<b>69,955,701</b>	<b>6,995.57</b>	<b>69,955,701</b>	<b>6,995.57</b>
Less : Shares held by Newgen ESOP Trust	649,696	64.97	865,888	86.59
<b>Total share capital</b>	<b>69,306,005</b>	<b>6,930.60</b>	<b>69,089,813</b>	<b>6,908.98</b>

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

	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount	Number of shares	Amount
<b>Equity share capital of INR 10 each, fully paid up</b>				
At the beginning of the year	69,955,701	6,995.57	69,585,701	6,958.57
Add: Issued during the year to Newgen ESOP Trust	-	-	370,000	37.00
At the end of the year	<b>69,955,701</b>	<b>6,995.57</b>	<b>69,955,701</b>	<b>6,995.57</b>
Less: Shares held by Newgen ESOP Trust	649,696	64.97	865,888	86.59
<b>Total equity share capital</b>	<b>69,306,005</b>	<b>6,930.60</b>	<b>69,089,813</b>	<b>6,908.98</b>

**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.

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

Equity shares of INR 10 each, fully paid up held by:

	As at 31 March 2021		As at 31 March 2020	
	Number of shares	% Holding	Number of shares	% Holding
- Mr. Diwakar Nigam	18,472,406	26.41%	18,472,406	26.41%
- Mr. T.S. Varadarajan	15,009,306	21.46%	15,009,306	21.46%
- Mrs. Priyadarshini Nigam	7,968,906	11.39%	7,968,906	11.39%
- Mrs. Usha Varadarajan	4,528,320	6.47%	4,528,320	6.47%
- Malabar India Fund Limited	4,978,931	7.12%	5,678,931	8.12%

16 B Shares reserved for issue under Employee stock option plan

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

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

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 2021	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2017
Equity shares of INR 10 each	-	370,000	350,000	1,050,000	-

**17 Other equity**

	As at 31 March 2021	As at 31 March 2020
Securities premium	10,173.59	10,069.60
Retained earnings	46,362.60	35,113.48
Capital redemption reserve	87.95	87.95
General reserve	1,731.39	1,731.39
Capital reserve	0.21	0.21
Newgen ESOP Trust reserve	404.32	297.47
Share options outstanding reserve	344.72	405.75
Foreign currency translation reserve	504.89	387.20
Other comprehensive gain/(loss)	29.38	(95.39)
	<b>59,639.05</b>	<b>47,997.66</b>

**Securities premium (refer note (i) below)**

	As at 31 March 2021	As at 31 March 2020
Balance as at beginning of the year	10,314.51	9,977.93
Securities premium on issue of shares to Newgen ESOP Trust	-	196.10
Transferred from share options outstanding reserve on exercise of stock options	104.00	140.48
Balance as at end of the year	<b>10,418.51</b>	<b>10,314.51</b>
Less: Securities premium on shares held by Newgen ESOP Trust	244.91	244.91
Balance as at end of the year	<b>10,173.60</b>	<b>10,069.60</b>

**Retained earnings (refer note (ii) below)**

	As at 31 March 2021	As at 31 March 2020
Balance as at beginning of the year	35,113.49	30,607.26
Transition impact of Ind AS 116-Leases, net of tax (refer note 18)	-	(250.56)
Profit for the year	12,648.22	7,273.46
Dividend on equity shares	(1,399.11)	(2,087.57)
Dividend distribution tax on dividend on equity shares	-	(429.11)
Balance as at end of the year	<b>46,362.60</b>	<b>35,113.49</b>

**Capital redemption reserve**

	As at 31 March 2021	As at 31 March 2020
Balance as at beginning of the year	87.95	87.95
Balance as at end of the year	<b>87.95</b>	<b>87.95</b>

**General reserve**

	As at 31 March 2021	As at 31 March 2020
Balance as at beginning of the year	1,731.39	1,731.39
Balance as at end of the year	<b>1,731.39</b>	<b>1,731.39</b>

**Capital reserve**

	As at 31 March 2021	As at 31 March 2020
Balance as at beginning of the year	0.21	0.21
Balance as at end of the year	<b>0.21</b>	<b>0.21</b>

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

	As at 31 March 2021	As at 31 March 2020
Balance as at beginning of the year	297.47	257.78
Addition to Newgen ESOP Trust reserve	106.85	39.69
Balance as at end of the year	<b>404.33</b>	<b>297.47</b>

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

	As at 31 March 2021	As at 31 March 2020
Balance as at beginning of the year	405.75	459.20
Employee stock compensation expense	64.59	87.03
Transferred to securities premium account on exercise of stock options	(125.62)	(140.48)
Balance as at end of the year	<b>344.72</b>	<b>405.75</b>

**Other comprehensive income/(loss)(refer note (v) below)**

**Remeasurement of defined benefit liability**

	As at 31 March 2021	As at 31 March 2020
Balance as at beginning of the year	(96.28)	(27.10)
Other comprehensive (loss) (net of tax)	66.83	(69.18)
Balance as at end of the year	<b>(29.45)</b>	<b>(96.28)</b>

**Debt instruments through other comprehensive income**

	As at 31 March 2021	As at 31 March 2020
Balance as at beginning of the year	0.89	16.80
Other comprehensive income (net of tax)	166.64	3.72
(Profit)/loss on sale of debt instrument transferred to profit and loss	(108.70)	(19.63)
Balance as at end of the year	<b>58.83</b>	<b>0.89</b>

**Foreign currency translation reserve (refer note (vi) below)**

	As at 31 March 2021	As at 31 March 2020
Balance as at beginning of the year	387.20	80.03
Other comprehensive income (net of tax)	117.69	307.17
Balance as at end of the year	<b>504.89</b>	<b>387.20</b>

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

(ii) Retained earnings represents accumulated balances of profits over the years after appropriations for general reserves and adjustments of dividend.

(iii) Newgen 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, liabilities, income and expenses of the trust are accounted for as assets and liabilities of the Company, except for profit / loss on issue of shares to the employees and dividend received by trust which are directly adjusted in the Newgen ESOP Trust reserve.

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

(v) Refer Statement of Changes in Equity for analysis of other comprehensive income, net of tax.

(vi) Foreign currency translation reserve comprises of all exchange differences arising from translation of financial statements of foreign subsidiaries into functional and presentational currency.

**Newgen Software Technologies Limited**  
**Notes to the Consolidated financial statements for the year ended 31 March 2021**  
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

**18 Right-of-use assets**

Changes in the carrying value of right of use assets for the year ended 31 March 2020

Particulars	Category of ROU asset		
	Leasehold land	Buildings	Total
Balance as at 1 April 2019*	-	1,799.68	1,799.68
Reclassified on account of adoption of Ind AS 116	3,405.18	-	3,405.18
Addition	-	2,483.05	2,483.05
Termination of leases	-	(58.45)	(58.45)
Translation exchange difference	-	(10.55)	(10.55)
Depreciation	(39.40)	(1,327.20)	(1,366.61)
<b>Balance as at 31 March 2020</b>	<b>3,365.78</b>	<b>2,886.52</b>	<b>6,252.30</b>

Changes in the carrying value of right of use assets for the year ended 31 March 2021

Particulars	Category of ROU asset		
	Leasehold land	Buildings	Total
Balance as at 1 April 2020	3,365.78	2,886.52	6,252.30
Addition	-	320.58	320.58
Termination of leases	-	(689.48)	(689.48)
Translation exchange difference	-	(5.60)	(5.60)
Depreciation	(39.30)	(1,191.08)	(1,230.38)
<b>Balance as at 31 March 2021</b>	<b>3,326.48</b>	<b>1,320.94</b>	<b>4,647.42</b>

\*Right of use assets recognised in the balance sheet at the date of initial recognition.

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss.(refer note 30)

**Lease liabilities**

**Break up of current and non-current lease liabilities as at 31 March 2021**

Particulars	As at	As at
	31 March 2021	31 March 2020
Non-current lease liabilities	1,391.36	2,296.15
Current lease liabilities	617.76	1,334.14
<b>Total</b>	<b>2,009.12</b>	<b>3,630.29</b>

**Movement in lease liabilities during the year ended 31 March 2020**

Particulars	As at 31 March 2020
Balance as at 1 April 2019 <sup>#</sup>	2,047.74
Reclassified on account of adoption of Ind AS 116	1,320.15
Addition	2,434.24
Finance cost	335.74
Termination of leases	(62.35)
Payment of lease liabilities	(2,445.23)
<b>Balance as at 31 March 2020</b>	<b>3,630.29</b>

**Movement in lease liabilities during the year ended 31 March 2021**

Particulars	As at 31 March 2021
Balance as at 1 April 2020	3,630.29
Addition	320.58
Finance cost	282.75
Termination of leases	(771.61)
Translation exchange difference	(8.46)
Payment of lease liabilities	(1,444.43)
<b>Balance as at 31 March 2021</b>	<b>2,009.12</b>

<sup>#</sup>Lease liabilities recognised in the balance sheet at the date of initial recognition.

**Details regarding the contractual maturities of lease liabilities as at 31 March 2021 on an undiscounted basis:**

Particulars	As at	As at
	31 March 2021	31 March 2020
Less than one year	751.82	1,678.70
One to five years	1,257.01	2,205.39
More than five years	5,201.79	5,267.64
<b>Total</b>	<b>7,210.62</b>	<b>9,151.73</b>

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

**Finance lease**

The Company has leases that were classified as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of Ind AS 116 is the carrying amount of the lease asset and lease liability on the transition date as measured applying Ind AS 17. Accordingly, during the year ended 31 March 2020, an amount of Rs.3,405.18 lakhs has been reclassified from property, plant and equipment to right-of-use assets. An amount of Rs. 291.59 lakhs has been reclassified from other current financial liabilities to lease liability – current and an amount of Rs. 1,028.55 lakhs has been reclassified from Non-current financial liabilities to lease liability – non-current.

Rental expense recorded for short-term leases was INR 257.83 lakhs for the year ended 31 March 2021 (31 March 2020: INR 424.54 lakhs)

Effective interest rate of 10.43% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

**Newgen Software Technologies Limited**  
**Notes to the Consolidated financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

**19 Non-current provisions**

Provision for employee benefits (refer note 28)  
- provision for gratuity  
- provision for compensated absences

	As at 31 March 2021	As at 31 March 2020
	2,196.75	1,799.02
	661.14	533.34
	<b>2,857.89</b>	<b>2,332.36</b>

**20 Current financial liabilities - Borrowings**

Loans from banks  
Pre-shipment loans (secured)\*

	As at 31 March 2021	As at 31 March 2020
	-	7,453.21
	-	<b>7,453.21</b>

\*Pre-shipment loans carry interest rate @ LIBOR plus margin which varied from 1.47% to 3.70% 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 374.60 lakhs (31 March 2020: INR 382.70 lakhs) and are repayable within 180 days from the date of disbursement.

**21 Trade payables**

- Total outstanding dues to micro enterprises and small enterprises  
- Total outstanding dues to creditors other than micro and small enterprises

	As at 31 March 2021	As at 31 March 2020
	-	-
	2,264.31	2,750.76
	<b>2,264.31</b>	<b>2,750.76</b>

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

a) Refer note 36 for disclosures under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)  
b) The Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 42(c).

**22 Current financial liabilities - Others**

Employee related payables  
Payable in respect of retention money  
Interest accrued but not due on deferred liability  
Earnest money deposits  
Payable for capital assets

	As at 31 March 2021	As at 31 March 2020
	4,237.22	3,511.39
	127.82	180.54
	-	14.39
	1.00	1.00
	17.00	412.41
	<b>4,383.04</b>	<b>4,119.73</b>

**23 Deferred income**

Advance billing\*  
Advance from customers

Non-current  
Current

	As at 31 March 2021	As at 31 March 2020
	10,358.98	10,058.34
	32.68	32.05
	<b>10,391.66</b>	<b>10,090.39</b>
	-	-
	10,391.66	10,090.39
	<b>10,391.66</b>	<b>10,090.39</b>

\*Changes in deferred income (advance billing) is as follows:

**Balance at the beginning of the year**

Revenue recognised that was included in deferred income at the beginning of the year  
Increase due to invoicing during the year, excluding amount recognised as revenue during the year  
Translation exchange difference  
**Balance at the end of the year**

	As at 31 March 2021	As at 31 March 2020
	10,058.34	6,736.52
	(9,812.25)	(6,497.70)
	10,153.54	9,773.13
	(40.65)	46.39
	<b>10,358.98</b>	<b>10,058.34</b>

**24 Other current liabilities**

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

	As at 31 March 2021	As at 31 March 2020
	1,344.27	1,278.05
	0.26	21.22
	3.77	6.33
	<b>1,348.30</b>	<b>1,305.60</b>

**25 Current provisions**

Provision for employee benefits (refer note 28)  
- provision for gratuity  
- provision for compensated absences

	As at 31 March 2021	As at 31 March 2020
	313.84	278.87
	147.74	129.09
	<b>461.58</b>	<b>407.96</b>

**26 Revenue from operations**

	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>
Sale of products - softwares	13,049.26	11,765.80
Sale of services		
- Implementation	14,799.48	16,492.14
- Scanning	702.82	954.90
- AMC/ATS	15,060.29	13,030.30
- Support	18,689.20	20,005.30
- SaaS revenue	4,961.39	3,827.18
	<b>67,262.44</b>	<b>66,075.62</b>

**Performance obligations and remaining performance obligations**

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

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

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

The aggregate value of performance obligations that are completely or partially unsatisfied as at 31 March 2021, other than those meeting the exclusion criteria mentioned above is INR Nil.

**27 Other income**

	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>
Interest income under the effective interest rate method:		
- on security deposits at amortised cost	38.69	40.09
- government and other bonds at FVOCI	240.64	148.11
Interest income on deposits with banks	755.81	804.51
Gain on lease termination	87.49	6.05
Gain on sale of property, plant and equipment	10.16	1.10
Profit on sale of mutual funds (net) at FVTPL	132.79	-
Fair value changes of financial assets at FVTPL	70.60	173.01
Liabilities / provision no longer required written back	7.27	169.22
Net foreign exchange fluctuation gain	-	710.64
Bad debts recovered	43.10	-
Miscellaneous income	117.19	43.56
	<b>1,503.74</b>	<b>2,096.29</b>

**28 Employee benefits expense**

	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>
Salaries, wages and bonus	30,555.65	31,927.25
Contribution to provident funds (refer note i below)	995.96	994.27
Expenses related to compensated absences (refer note ii below)	444.36	359.39
Share based payment - equity settled	64.59	87.03
Expense related to defined benefit plan (refer note iii below)	614.89	371.73
Staff welfare expenses	86.31	499.79
	<b>32,761.76</b>	<b>34,239.46</b>

**(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 995.96 lakhs (31 March 2020: INR 994.27 lakhs). The amount recognised as an expense towards employee state insurance aggregated to INR 0.88 lakhs (31 March 2020: INR 1.26 lakhs).

**(ii) Compensated absences:**

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

	<b>31 March 2021</b>	<b>31 March 2020</b>
Discounting rate (p.a.)	6.88%	6.90%
Future salary increase ( p.a.)	6.00%	6.00%

**(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.



**A. Movement in net defined benefit (asset) liability**

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

Particulars	As at	
	31 March 2021	31 March 2020
<b>Balance at the beginning of the year</b>	<b>2,077.88</b>	<b>1,740.26</b>
Benefits paid	(123.72)	(129.12)
Current service cost	471.52	238.43
Interest cost	143.37	133.30
Actuarial (gains) losses recognised in OCI		
change in demographic assumptions	20.87	(21.33)
change in financial assumptions	3.28	(33.40)
experience adjustments	(82.63)	149.75
<b>Balance at the end of the year</b>	<b>2,510.57</b>	<b>2,077.88</b>

**B. i) Expense recognised in profit and loss**

Particulars	For the year ended	
	31 March 2021	31 March 2020
Current service cost	471.52	238.43
Interest cost	143.37	133.30
<b>Total expense recognised in Statement of profit and loss</b>	<b>614.89</b>	<b>371.73</b>

**ii) Remeasurements recognised in other comprehensive income**

Particulars	For the year ended	
	31 March 2021	31 March 2020
Actuarial loss on defined benefit obligation	(58.48)	95.01
<b>Total remeasurements recognised in other comprehensive income</b>	<b>(58.48)</b>	<b>95.01</b>

**C. Defined benefit obligations**

**i. Actuarial assumptions**

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

	31 March 2021	31 March 2020
Discount rate	6.88	6.90
Salary escalation rate	6.00	6.00
Mortality rate	100% of IALM (2012 - 14)	100% of IALM (2012 - 14)

**ii. Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the

	31 March 2021		31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(77.78)	83.10	(73.76)	79.01
Future salary growth (0.50% movement)	83.40	(78.76)	79.32	(74.70)

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 and life expectancy are not applicable being a lump sum benefit on retirement.

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

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

	31 March 2021	31 March 2020
<b>Net defined benefit liability</b>		
Liability for gratuity	2,510.58	2,077.89
Liability for compensated absences	808.88	662.43
<b>Total employee benefit liabilities</b>	<b>3,319.46</b>	<b>2,740.32</b>
<b>Non-current:</b>		
Gratuity	2,196.75	1,799.02
Compensated absences	661.14	533.34
<b>Current:</b>		
Gratuity	313.84	278.87
Compensated absences	147.74	129.09

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

**Newgen Software Technologies Limited**  
**Notes to the Consolidated financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

**29 Finance costs**

Finance cost on lease liabilities  
Interest expense on borrowings  
Other finance costs

	For the year ended 31 March 2021	For the year ended 31 March 2020
	282.75	344.78
	86.71	649.65
	193.12	96.78
	<b>562.58</b>	<b>1,091.21</b>

**30 Depreciation and amortization**

Depreciation of property, plant and equipment (refer note 4)  
Depreciation of right-of use assets (refer note 18)  
Amortisation of intangible assets (refer note 5)

	For the year ended 31 March 2021	For the year ended 31 March 2020
	700.58	535.82
	1,230.38	1,366.61
	84.01	88.68
	<b>2,014.97</b>	<b>1,991.11</b>

**31 Other expenses**

Rent  
Repairs and maintenance  
Rates and taxes  
Travelling and conveyance  
Legal and professional fees  
Cloud hosting services  
Payment to auditors\*  
Electricity and water  
Advertising and sales promotion  
Membership and subscription fee  
Brokerage and commission  
Communication costs  
Software and license maintenance  
Expenditure on corporate social responsibility  
Donation  
Recruitment charges  
Insurance  
Operation and maintenance  
Printing, stationery and scanning charges  
Property, plant and equipment written off  
Loss allowance on trade receivables  
(net of adjustment for bad debts written off of INR 4,183.76 lakhs (previous year INR 527.43 lakhs))  
Loss allowance on other financial assets  
Security charges  
Net foreign exchange fluctuation loss  
Loss on redemption of bonds (net) at FVOCI  
Loss on redemption of mutual funds (net) at FVTPL  
Miscellaneous expenses

	For the year ended 31 March 2021	For the year ended 31 March 2020
	249.91	416.61
	261.90	264.76
	488.74	772.96
	865.55	6,311.94
	2,857.97	2,958.98
	1,245.75	959.98
	72.31	75.40
	355.98	419.36
	463.01	1,067.32
	408.23	366.35
	910.07	1,038.14
	349.25	522.41
	795.12	656.75
	201.27	186.27
	29.00	36.18
	123.28	316.97
	1,131.21	1,045.64
	464.56	680.95
	293.12	460.18
	0.12	-
	3,061.38	2,235.77
	-	23.72
	229.12	263.05
	168.75	13.45
	27.78	7.07
	-	6.85
	256.79	268.90
	<b>15,310.17</b>	<b>21,375.96</b>

**\*Payment to auditors**

**As auditor:**

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

	39.50	39.50
	22.50	22.50
	6.95	8.25
	3.36	5.15
	<b>72.31</b>	<b>75.40</b>

Newgen Software Technologies Limited  
Notes to the Consolidated financial statements for the year ended 31 March 2021  
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

32 Income Tax

A. The major components of income tax (expense) / income recognised in Statement of Profit or Loss

	For the year ended 31 March 2021	For the year ended 31 March 2020
Tax expense	3,977.42	2,572.19
Tax expense for earlier years	1,288.86	78.85
Deferred tax charge/(credit)	202.19	(450.33)
<b>Total</b>	<b>5,468.47</b>	<b>2,200.71</b>
<b>Recognised in Other comprehensive income</b>		
Tax impact on		
- Re-measurement on defined benefit plan	(35.90)	37.16
- Fair value of debt instruments through other comprehensive income/(loss)	(26.30)	(2.00)
<b>Total</b>	<b>(62.20)</b>	<b>35.16</b>

B. Reconciliation of effective tax rate

	31 March 2021		31 March 2020	
<b>Profit before tax</b>		18,116.70		9,474.17
Tax using the Company's tax rate	34.94%	6,330.70	34.94%	3,310.65
Impact of different rate in each jurisdiction	-0.79%	(142.26)	-0.91%	(86.44)
Effect of deduction under section 10AA of the Income tax Act, 1961	-12.53%	(2,270.61)	-12.17%	(1,152.56)
Effect of expenses permanently disallowed under the Income Tax Act, 1961	0.23%	41.98	0.32%	29.91
Effect of income exempt/ non taxable/ taxed on lower rate	-0.63%	(114.75)	-0.28%	(26.92)
Effect of profit on sale of mutual funds taxable under Income tax Act, 1961	0.62%	111.75	0.01	48.46
Tax expense for earlier years	7.11%	1,288.86	0.83%	78.85
Others	1.23%	222.80	-0.01%	(1.24)
Income tax recognised in statement of profit and loss for the current year	30.18%	5,468.47	23.23%	2,200.71

C. Deferred tax assets (net)

Deferred tax relates to the following:

Deferred tax related to items recognised in OCI:

Deferred tax assets (gross)

	As at 31 March 2021	As at 31 March 2020
Investments at fair value through OCI	1.42	1.42
Remeasurement of defined benefit liability (asset)	15.48	51.37
<b>(a)</b>	<b>16.90</b>	<b>52.79</b>

Deferred tax liabilities

Investments at fair value through OCI	31.15	-
<b>(b)</b>	<b>31.15</b>	<b>-</b>

Deferred tax related to items recognised in Statement of Profit and Loss:

Deferred tax liabilities (gross)

Property, plant and equipment	606.72	373.98
Others	170.82	145.20
<b>(c)</b>	<b>777.54</b>	<b>519.18</b>

Deferred tax assets (gross)

Loss allowance on other financial assets	57.57	57.57
Loss allowance on trade receivables	1,466.39	1,681.52
Provision for employee benefits	1,222.51	934.43
Lease liabilities	39.00	58.84
<b>(d)</b>	<b>2,785.47</b>	<b>2,732.36</b>
<b>(e) = (d) - (c)</b>	<b>2,007.93</b>	<b>2,213.18</b>

Deferred tax assets (net)

<b>(e) + (a) - (b)</b>	<b>1,993.67</b>	<b>2,265.97</b>
<b>Total deferred tax assets (net)</b>	<b>1,993.67</b>	<b>2,265.97</b>

D. Deferred tax liabilities (gross)

	As at 31 March 2021	As at 31 March 2020
Property, plant and equipment	13.93	17.39
<b>Deferred tax liabilities (net)</b>	<b>13.93</b>	<b>17.39</b>

Newgen Software Technologies Limited  
Notes to the Consolidated financial statements for the year ended 31 March 2021  
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

E. Movement in temporary differences

31 March 2021

Particulars	Balance as at 1 April 2020	Transition impact of Ind AS 116-Leases	Recognised in Statement of Profit or Loss during the year	Recognised in OCI during the year	Balance as at 31 March 2021
<b>Deferred tax liabilities (net)</b>					
Property, plant and equipment	17.39	-	(3.46)	-	13.93
<b>Total</b>	<b>17.39</b>	<b>-</b>	<b>(3.46)</b>	<b>-</b>	<b>13.93</b>
<b>Deferred tax assets (net)</b>					
Investments at fair value through OCI	1.42	-	-	(31.15)	(29.73)
Remeasurement of defined benefit liability (asset)	51.37	-	-	(35.90)	15.47
Property, plant and equipment	(373.98)	-	(232.75)	-	(606.72)
Loss allowance on other financial assets	57.57	-	-	-	57.57
Loss allowance on trade receivables	1,681.52	-	(215.13)	-	1,466.39
Provision for employee benefits	934.43	-	288.08	-	1,222.51
Others	(145.20)	-	(26.01)	-	(170.82)
Lease liabilities	58.84	-	(19.84)	-	39.00
<b>Total</b>	<b>2,265.97</b>	<b>-</b>	<b>(205.65)</b>	<b>(67.05)</b>	<b>1,993.67</b>

31 March 2020

Particulars	Balance as at 1 April 2019	Transition impact of Ind AS 116-Leases	Recognised in Statement of Profit or Loss during the year	Recognised in OCI during the year	Balance as at 31 March 2020
<b>Deferred tax liabilities (net)</b>					
Property, plant and equipment	11.01	-	6.38	-	17.39
<b>Total</b>	<b>11.01</b>	<b>-</b>	<b>6.38</b>	<b>-</b>	<b>17.39</b>
<b>Deferred tax assets (net)</b>					
Investments at fair value through OCI	(7.12)	-	-	8.54	1.42
Remeasurement of defined benefit liability (asset)	14.21	-	-	37.16	51.37
Property, plant and equipment	(278.40)	-	(95.58)	-	(373.98)
Loss allowance on other financial assets	51.03	-	6.54	-	57.57
Loss allowance on trade receivables	1,258.97	-	422.55	-	1,681.52
Provision for employee benefits	772.84	-	161.59	-	934.43
Others	(84.54)	-	(60.66)	-	(145.20)
Lease liabilities	(29.89)	67.93	20.80	-	58.84
<b>Total</b>	<b>1,697.08</b>	<b>67.93</b>	<b>455.24</b>	<b>45.70</b>	<b>2,265.97</b>

**Newgen Software Technologies Limited**  
**Notes to the Consolidated financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

**33 Earnings per share (EPS)**

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

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

**i. Profit attributable to equity holders of the Group**

	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>
Profit attributable to equity holders of the Group	12,648.23	7,273.46
<b>Profit attributable to equity holders of the Group for basic and diluted earnings</b>	<b>12,648.23</b>	<b>7,273.46</b>

**ii. Weighted average number of ordinary shares**

	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>
Opening balance of equity's shares	69,089,813	68,457,610
Effect of share options exercised	100,973	422,753
<b>Weighted average number of shares for basic EPS</b>	<b>69,190,786</b>	<b>68,880,363</b>
<b>Effect of dilution:</b>		
Add: Equity shares held by Newgen ESOP Trust with respect to options not exercised by employees but outstanding	702,162	348,839
<b>Weighted average number of shares for diluted EPS</b>	<b>69,892,948</b>	<b>69,229,202</b>

**Basic and diluted earnings per share**

	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>
	<b>INR</b>	<b>INR</b>
<b>Basic earnings per share</b>	18.28	10.56
<b>Diluted earnings per share</b>	18.10	10.51

**34 Share-based payment arrangements:**

**A. Description of share-based payment arrangements**

**i. Share option programmes (equity-settled)**

The Group established Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014) in the year 2014-15, administered through a new Trust 'Newgen ESOP Trust'. The maximum numbers of shares to be issued under this Scheme shall be limited to 3,783,800 equity shares of the Group. Pursuant to the scheme, during the year 2014-15, the Group has granted 3,653,525 options at an exercise price of INR 63 per option, to the employees of the Group. 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. During the year 2020-21, the Group has granted 2,33,000 options under Newgen ESOP 2014 on 25 March 2021. 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.

During the year, the Group has established Newgen Software Technologies Restricted Stock Units Scheme – 2021 (Newgen RSU – 2021), administered through a new trust "Newgen RSU Trust". The maximum numbers of shares to be issued under this Scheme shall be limited to 14,00,000 equity shares of the Group. No RSUs are granted under Newgen RSU - 2021 as on 31 March 2021.

Particulars	Newgen ESOP 2014	Newgen RSU – 2021
Maximum number of shares under the plan	3,783,800	1,400,000
Method of settlement (cash/equity)	Equity	Cash/ Equity
Vesting period (maximum)	4 years 1 year - 10% 2 year - 20% 3 year- 30% 4 year-40%	5 years at the end of 3rd year - 50% at the end of 5th year - 50%
Exercise period from the date of vesting (maximum)	5 year from last vesting	5 year from last vesting
Vesting conditions	Service period	Performance based

Newgen ESOP trust has been treated as an extension of the Group and accordingly shares held by Newgen 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 Group, except for profit / loss on issue of shares to the employees and dividend received by trust which are directly adjusted in the Newgen ESOP Trust reserve.

Following table represents general terms of the grants for the ESOP outstanding as on 31 March 2021.

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	376,615	INR 63.00	2.75	4 years
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Jul-2017	160,436	INR 63.00	5.25	4 years
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Sep-2017	90,300	INR 63.00	5.42	4 years
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Oct-2017	41,055	INR 63.00	5.50	4 years
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	25-Mar-2021	233,000	INR 63.00	8.99	4 years

**B. Reconciliation of outstanding share options**

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

Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	31 March 2021	31 March 2021	31 March 2020	31 March 2020
Options outstanding as at the beginning of the year	884,598	INR 63.00	1,557,524	INR 63.00
Add: Options granted during the year	233,000	INR 63.00	-	-
Less: Options lapsed during the year	-	-	40,723	INR 63.00
Less: Options exercised during the year	216,192	INR 63.00	632,203	INR 63.00
Options outstanding as at the year end	<b>901,406</b>	<b>INR 63.00</b>	<b>884,598</b>	<b>INR 63.00</b>
Exercisable as at year end	<b>489,498</b>		<b>571,519</b>	
Weighted - average contractual life	5.20 years		4.85 years	

**C. Expense recognised in Statement of Profit and Loss**

For details on the employee benefits expense, refer note 28

**Newgen Software Technologies Limited**  
**Notes to the Consolidated financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

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

	<b>31 March 2021</b>	<b>31 March 2020</b>
a. Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances, tangible assets**	-	84.18
b. Income Tax matters (Financial year 2015-16 to 2019-20)***	-	1,058.36

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

\*\* For other commitments – Non-cancellable operating and finance leases, refer note 18

\*\*\*During the year ended 31 March 2021, the Company has filed an application under ‘Direct Tax Vivad Se Vishwas Act, 2020’ in respect of assessment orders pertaining to financial years 2015-16 and 2016-17, against which appeals were pending with Commissioner of Income Tax (Appeal). The application for both the years was accepted by the department. Accordingly an amount of Rs. 463.50 lakhs has been recorded as tax expense during the current year. The dispute primarily involved partial disallowances made by the assessing officer with respect to foreign withholding tax credit claimed as a set off. . The Company has likewise claimed foreign withholding tax credit in the subsequent financial years. Based on management evaluation, the effect of similar disallowances has been recognised in respect of subsequent assessment years, without prejudice to any rights, and additional tax expense of Rs. 847.07 lakhs relating to financial years 2017-18 to 2019-20 and Rs. 231.80 lakhs in respect of year ended 31 March 2021 has been recorded in the current year.

In February 2019, there was a judicial pronouncement with respect to provident fund. It is not currently clear whether the interpretation set out in the pronouncement has retrospective application. If applied retrospectively, the interpretation would result in an increase in contributions payable by the Group for past and future periods for certain of its employees. There are numerous interpretative challenges concerning the retrospective application of the judgment. Due to such challenges and a lack of interpretive guidance, it is currently impracticable to reliably estimate the timing and amount of any payments the Group may be required to make. The Group will continue to monitor and evaluate its position based on future events and developments.

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

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as on 31 March 2021 and 31 March 2020 has been made in the financial statements based on information received and available with the Group. Based on the information currently available with the Group, there are no dues payable to Micro and Small Suppliers as defined in the Micro, Small and Medium Enterprises Development Act, 2006.

37 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. The Finance Act 2020 has repealed the Dividend Distribution Tax (DDT). The Group is now required to pay/distribute dividend after deducting applicable taxes.

Particulars	For the year ended	For the year ended
	31 March 2021	31 March 2020
Final dividend of INR 3.50 /- per share (31 March 2020: INR 2/-)	2,448.45	1,399.11

**38 Utilization of Corporate Social Responsibility expenses**

As per Section 135 of the Companies Act 2013, the following is the detail of CSR expenses incurred by the Group: Gross amount to be spent by the Group during the year ended 31 March 2021 is INR 201.09 lakhs as approved by the Board of Directors (previous year INR. 186.27 lakhs). Amount spent during the year ended 31 March 2021:

Particulars	Amount spent during the year	Amount to be spent	Total
i) For purpose mentioned as under*	201.27	-	201.27

\*The areas for CSR activities are promoting education, health care, sanitation, digital literacy and livelihood enhancement. The funds were primarily utilized through the year on the activities which are specified in Schedule VII of the Companies Act, 2013.

39 The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Group has got the updated documentation for the international transactions entered into with the associated enterprises during the financial year. During the year ended 31 March 2020, the holding Group has also started availing services from its overseas subsidiaries in accordance with the transfer pricing methodology under sections 92-92F of the Income Tax Act, 1961. The management is of the opinion that its international transactions are at arm’s length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

**Newgen Software Technologies Limited**  
**Notes to the Consolidated financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

**40 Details of current Investments (refer note 10)**

Particulars	Number of units as at		Amount in lakhs as at	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
<b>Investment in mutual funds -FVTPL</b>				
Nippon India Short Term Fund- Direct Plan- Growth option	-	634,842.04	-	251.01
ICICI Prudential Short Term Plan-Direct Plan-Growth option	-	2,098,216.14	-	930.90
ICICI Prudential Credit Risk Fund -Direct Plan- Growth option	-	2,185,595.64	-	505.92
Kotak Credit Risk Fund- Direct Plan-Growth option	-	2,194,751.05	-	514.89
IIFL Wealth Finance Limited SR-A1-June2022 LOA 13JU22 FVRS10LAC	-	20.00	-	257.35
HDFC Short Term Debt Fund-Direct Plan-growth option	-	2,403,804.13	-	550.19
DSP Liquidity Fund- Regular Plan-Growth option	-	21,276.15	-	600.45
IDFC Bond Fund-Short Term Plan-growth option	-	1,153,064.73	-	500.00
Aditya Birla Sun Life Liquid Fund -Growth-Regular Plan	194,248.97	220,614.74	639.68	700.99
Bharat bonds ETF	20,000.00	20,000.00	226.87	208.07
Aditya Birla Liquid Fund Direct plan Growth option	472,293.51	-	1,565.81	-
ICICI Prudential Liquid Fund Growth	492,315.98	-	1,500.27	-
HDFC Liquid Fund -Direct Growth	7,622.95	-	308.39	-
IDFC Cash Fund - Growth- Direct Plan	20,704.45	-	514.71	-
<b>Investment in government bonds-FVTOCI</b>				
8.40% IRFC 15YRS SR2A 18022029 (18-Feb-2029)	40,000.00	40,000.00	494.26	467.71
7.35% NHAI LTD Tax free Bond 15YRS SR2A Annual (11-Jan-2031)	45,000.00	45,000.00	539.85	500.96
8.54% PFC Tax free Bonds (Series 2A) 16/11/2028	16,500.00	16,500.00	204.13	203.32
7.04% IRFC Bond 03/03/2026	15.00	15.00	164.73	166.38
8.3% NHAI Tax free Bonds 25/01/2027	30,000.00	30,000.00	352.97	355.96
8.63% IRFC Bonds 26/03/2029	22,000.00	22,000.00	275.62	288.04
8.30% IRFC Bonds 23/02/2027	87,000.00	-	1,016.65	-
8.20% NHAI Bonds 25/01/2022	50,000.00	-	513.51	-
<b>Investment in other bonds-FCTOCI</b>				
State Bank of India Series 1 9.56% NCD perpetual FVRS10Lac	-	30.00	-	306.31
ICICI Bank Limited SR DDE18AT 9.90 BD Perpetual FVRS10LAC	-	30.00	-	302.22
			<b>8,317.45</b>	<b>7,610.67</b>



**41 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 2021	31 March 2020
Newgen Software Inc.	United States of America	100%	100%
Newgen Software Technologies Pte Ltd.	Singapore	100%	100%
Newgen Software Technologies Canada Limited	Canada	100%	100%
Newgen Software Technologies (UK) Ltd.	United Kingdom	100%	100%
Newgen Software Technologies Pty Ltd.	Australia	100%	100%
Newgen Computers Technologies Limited	India	100%	100%

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

**B. Transactions with Key Management Personnel**

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

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

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

**List of key management personnel and their relatives**

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

**List of non-executive and independent directors**

Kaushik Dutta - Independent Director  
Saurabh Srivastava - Independent Director  
Subramaniam R Iyer - Independent Director  
Padmaja Krishnan - Independent Director

**Key management personnel compensation**

	Transaction value		Balance payable	
	For the year ended 31 March 2021	For the year ended 31 March 2020	As at 31 March 2021	As at 31 March 2020
<b>Salaries, wages and bonus*</b>	<b>1,328.59</b>	<b>1,174.61</b>	<b>675.19</b>	<b>389.66</b>
Diwakar Nigam	275.03	278.99	154.62	82.42
T.S. Varadarajan	148.70	142.57	91.61	50.23
Priyadarshini Nigam	88.20	77.58	60.25	33.04
Arun Kumar Gupta	87.64	82.77	41.33	26.60
Virender Jeet	268.40	147.60	118.78	75.01
Surender Jeet Raj	177.67	191.46	112.65	62.70
Tarun Nandwani	173.04	148.35	94.68	58.65
Shubhi Nigam	92.53	88.48	-	-
Aman Mourya	17.38	16.81	1.27	1.01
<b>Dividend paid (excluding dividend distribution tax)</b>	<b>935.83</b>	<b>1,402.83</b>	<b>-</b>	<b>-</b>
Diwakar Nigam	369.45	552.67	-	-
T.S. Varadarajan	300.19	450.28	-	-
Priyadarshini Nigam	159.38	239.07	-	-
Arun Kumar Gupta	1.10	2.10	-	-
Virender Jeet	4.98	7.47	-	-
Surender Jeet Raj	4.99	7.48	-	-
Tarun Nandwani	5.14	7.87	-	-
Usha Varadarajan	90.57	135.85	-	-
Aman Mourya	0.03	0.04	-	-

**Newgen Software Technologies Limited**  
**Notes to the Consolidated financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

<b>Share-based payments</b>	<b>99.84</b>	<b>93.69</b>	-	-
Arun Kumar Gupta	-	4.60	-	-
Virender Jeet	77.72	-	-	-
Surender Jeet Raj	-	56.92	-	-
Tarun Nandwani	19.75	29.81	-	-
Aman Mourya	2.37	2.36	-	-

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

**Key management personnel compensation**

	Transaction value		Balance payable	
	For the year ended	For the year ended	As at	As at
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
<b>Sitting fees to independent directors</b>	<b>50.00</b>	<b>45.25</b>	-	<b>12.35</b>
Kaushik Dutta	15.00	18.25	-	6.95
Saurabh Srivastava	14.00	13.00	-	2.70
Subramaniam R Iyer	15.00	14.00	-	2.70
Padmaja Krishnan	6.00	-	-	-
<b>Commission to independent directors</b>	<b>95.80</b>	<b>50.01</b>	<b>88.60</b>	<b>47.49</b>
Kaushik Dutta	23.95	16.67	22.15	15.83
Saurabh Srivastava	23.95	16.67	22.15	15.83
Subramaniam R Iyer	23.95	16.67	22.15	15.83
Padmaja Krishnan	23.95	-	22.15	-

Newgen Software Technologies Limited  
Notes to the Consolidated financial statements for the year ended 31 March 2021  
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

42 Financial Instruments – Fair values and risk management

A. Accounting classification and fair values

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

31 March 2021	Note	Carrying amount			Fair value				
		FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>									
<b>Financial assets measured at fair value</b>									
Investments in mutual funds	10	4,755.74	-	-	4,755.74	4,755.74	-	-	4,755.74
Investments in bonds	10	-	3,561.72	-	3,561.72	3,561.72	-	-	3,561.72
<b>Financial assets not measured at fair value</b>									
Other non-current financial asset	7	-	-	3,353.46	3,353.46	-	-	-	-
Trade receivables	11	-	-	23,854.30	23,854.30	-	-	-	-
Cash and cash equivalents	12	-	-	7,174.94	7,174.94	-	-	-	-
Other bank balances	12A	-	-	17,000.00	17,000.00	-	-	-	-
Loans	6 and 13	-	-	544.86	544.86	-	-	-	-
Other financial assets	14	-	-	7,604.02	7,604.02	-	-	-	-
		<b>4,755.74</b>	<b>3,561.72</b>	<b>59,531.58</b>	<b>67,849.04</b>	<b>8,317.46</b>	-	-	<b>8,317.46</b>
<b>Financial liabilities</b>									
<b>Financial liabilities not measured at fair value</b>									
Lease liabilities	18	-	-	2,009.12	2,009.12	-	-	-	-
Trade payables	21	-	-	2,264.31	2,264.31	-	-	-	-
Other financial liabilities	22	-	-	4,383.04	4,383.04	-	-	-	-
		-	-	<b>8,656.47</b>	<b>8,656.47</b>	-	-	-	-
<b>31 March 2020</b>									
<b>Financial assets</b>									
<b>Financial assets measured at fair value</b>									
Investments in debt mutual funds	10	5,019.75	-	-	5,019.75	5,019.75	-	-	5,019.75
Investments in bonds	10	-	2,590.92	-	2,590.92	2,590.92	-	-	2,590.92
<b>Financial assets not measured at fair value</b>									
Other non-current financial asset	7	-	-	358.29	358.29	-	-	-	-
Trade receivables	11	-	-	26,939.67	26,939.67	-	-	-	-
Cash and cash equivalents	12	-	-	10,011.04	10,011.04	-	-	-	-
Other bank balances	12A	-	-	6,516.11	6,516.11	-	-	-	-
Loans	6 and 13	-	-	569.94	569.94	-	-	-	-
Other financial assets	14	-	-	8,260.42	8,260.42	-	-	-	-
		<b>5,019.75</b>	<b>2,590.92</b>	<b>52,655.47</b>	<b>60,266.14</b>	<b>7,610.67</b>	-	-	<b>7,610.67</b>

**Newgen Software Technologies Limited**  
**Notes to the Consolidated financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

<b>Financial liabilities</b>					
<b>Financial liabilities not measured at fair value</b>					
Long-term maturities of finance lease obligations (secured)	18	-	3,630.28	-	-
Short term borrowings	20	-	7,453.21	-	-
Trade payables	21	-	2,750.76	-	-
Other financial liabilities	22	-	4,119.73	-	-
		-	<b>17,953.99</b>	-	-
		-		-	-
		-	<b>17,953.99</b>	-	-

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

**B. Measurement of fair values**

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

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

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

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

Particulars	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
<b>Financial assets measured at FVTPL</b> Investments in 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
<b>Financial assets measured at FVTOCI</b> 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
<b>Financial liabilities measured at Amortised cost</b> Long term borrowings Short term borrowings	Level 2 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

There have been no transfers in either direction for the years ended 31 March 2021 and 31 March 2020.

**Newgen Software Technologies Limited**  
**Notes to the Consolidated financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

**Financial instruments – Fair values and risk management (continued)**

**C. Financial risk management**

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

**i. Risk management framework**

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

The Group's audit committee oversees how management monitors compliance with the 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.

**ii. Credit risk**

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

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

Particulars	As at	As at
	31 March 2021	31 March 2020
Trade receivables	23,854.30	26,939.67
Loans	544.86	569.94
Cash and cash equivalents	7,174.94	10,011.04
Other bank balances	17,000.00	6,516.11
	<b>48,574.10</b>	<b>44,036.76</b>

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

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

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

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

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

**Trade and other receivables**

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

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

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

	Carrying amount	
	As at 31 March 2021	As at 31 March 2020
India	6,085.39	7,103.27
USA	5,687.25	6,783.82
EMEA	8,787.21	9,503.08
APAC	3,294.45	3,549.50
	<b>23,854.30</b>	<b>26,939.67</b>

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 2021	Gross carrying amount	Weighted- average loss rate	Loss allowance	Credit-impaired
0-3 months past due	21,991.89	2.44%	537.52	No
3-6 months past due	941.15	7.83%	73.67	No
6-9 months past due	652.25	21.87%	142.66	No
9-12 months past due	411.58	36.89%	151.85	No
12-15 months past due	784.53	51.49%	403.95	No
15-18 months past due	502.46	56.93%	286.06	No
18-21 months past due	443.03	65.64%	290.79	No
21-24 months past due	48.30	71.19%	34.39	No
above 24 months past due	2,445.22	100.00%	2,445.22	No
	<b>28,220.41</b>		<b>4,366.11</b>	

**Newgen Software Technologies Limited**  
**Notes to the Consolidated financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

As at 31 March 2020	Gross carrying amount	Weighted- average loss rate	Loss allowance	Credit-impaired
0-3 months past due	20,135.75	1.55%	312.75	No
3-6 months past due	4,309.99	6.52%	281.08	No
6-9 months past due	1,218.95	9.82%	119.65	No
9-12 months past due	320.71	16.14%	51.76	No
12-15 months past due	588.00	36.84%	216.59	No
15-18 months past due	399.55	48.07%	192.05	No
18-21 months past due	332.39	52.33%	173.95	No
21-24 months past due	557.74	59.47%	331.70	No
above 24 months past due	4,565.08	83.44%	3,808.96	No
	<b>32,428.16</b>		<b>5,488.49</b>	
<b>Balance as at 1 April 2019</b>				<b>3,933.65</b>
Impairment loss recognised				2,235.77
Amounts written off				680.93
<b>Balance as at 31 March 2020</b>				<b>5,488.49</b>
Impairment loss recognised				3,061.38
Amounts written off				4,183.76
<b>Balance as at 31 March 2021</b>				<b>4,366.11</b>

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

**Debt securities**

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

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

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

	Net carrying amount	
	As at 31 March 2021	As at 31 March 2020
India	8,317.46	7,610.67
	8,317.46	7,610.67

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

**Cash and cash equivalents and other bank balances**

The Group held cash and cash equivalents of INR 7,174.94 lakhs at 31 March 2021 (31 March 2020: INR 10,011.04 lakhs) and other bank balances of INR 17,000.00 lakhs as at 31 March 2021 (31 March 2020: INR 6,516.11 lakhs). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- to AAA, based on renowned rating agencies.

**Newgen Software Technologies Limited**

**Notes to the Consolidated financial statements for the year ended 31 March 2021**

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

**Financial instruments – Fair values and risk management (continued)**

**iii. Liquidity risk**

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

The Group's primary sources of liquidity include cash and bank balances, deposits, undrawn borrowings and cash flow from operating activities. As at 31 March 2021, the Group had a working capital of INR 43,654.39 lakhs (31 March 2020: INR 32,712.33 lakhs) including cash and cash equivalent of INR 7,174.94 lakhs (31 March 2020: INR 10,011.04 lakhs), other bank balances of INR 17,000.00 lakhs (31 March 2020: 6,516.11 lakhs) and current investments of INR 8,317.46 lakhs (31 March 2020: INR 7,610.67 lakhs).

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

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

Particulars	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
As at 31 March 2021	10,553.00	-	10,553.00	-	-	-
As at 31 March 2020	546.79	-	546.79	-	-	-

**Exposure to liquidity risk**

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

31 March 2021	Carrying amount	Total	Contractual cash flows				
			2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>							
Finance lease obligations (including current maturities)	2,009.12	7,210.62	145.84	605.97	432.54	824.46	5,201.79
Employee related payables	4,237.22	4,237.22	2,533.29	1,607.78	96.16	-	-
Trade and other payables	2,264.31	2,264.31	2,264.31	-	-	-	-
Payable in respect of retention money	127.82	127.82	-	127.82	-	-	-
Earnest money deposits	1.00	1.00	-	1.00	-	-	-
Payable for capital assets	17.00	17.00	-	17.00	-	-	-
<b>Total</b>	<b>8,656.47</b>	<b>13,857.97</b>	<b>4,943.44</b>	<b>2,359.57</b>	<b>528.70</b>	<b>824.46</b>	<b>5,201.79</b>

31 March 2020	Carrying amount	Total	Contractual cash flows				
			2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>							
Finance lease obligations (including current maturities)	3,630.29	9,151.73	322.58	1,356.53	1,310.38	894.60	5,267.64
Employee related payables	3,511.39	3,511.39	2,560.80	950.59	-	-	-
Trade and other payables	2,750.76	2,750.76	2,750.76	-	-	-	-
Pre-shipment loans (secured)	7,453.21	7,453.21	-	7,453.21	-	-	-
Payable in respect of retention money	180.54	180.54	-	180.54	-	-	-
Earnest money deposits	1.00	1.00	-	1.00	-	-	-
Payable for capital assets	412.41	412.41	-	412.41	-	-	-
<b>Total</b>	<b>17,939.61</b>	<b>23,461.05</b>	<b>5,634.14</b>	<b>10,354.29</b>	<b>1,310.38</b>	<b>894.60</b>	<b>5,267.64</b>

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

**Newgen Software Technologies Limited**  
**Notes to the Consolidated financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

**Financial instruments – Fair values and risk management (continued)**

**iv. Market risk**

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

**v. Currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The 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, Great Britain Pound, Canadian dollar, Abar Emirates Dhiram, Saudi Riyal, Singapore dollar, Australian dollar, Malaysian Ringgit and Hong Kong dollar. 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 31 March 2021 and 31 March 2020 are as below:

Particulars	Currency	31 March 2021		31 March 2020	
		Amount in foreign currency (lakhs)	Amount in local currency (lakhs)	Amount in foreign currency (lakhs)	Amount in local currency (lakhs)
<b>Financial assets</b>					
Trade and other receivables*					
	USD	167.49	12,255.57	222.03	16,738.68
	AED	4.05	80.62	5.22	107.07
	CAD	0.47	27.12	4.98	265.73
	EUR	1.21	104.02	0.78	64.60
	GBP	0.11	11.00	3.57	328.58
	SAR	-	-	2.06	41.36
	SGD	0.01	0.41	23.91	1,267.39
	MYR	9.80	172.99	1.62	28.30
	AUD	-	-	0.17	8.08
Bank balance-Dubai	AED	7.15	142.43	5.78	118.65
Bank balance-EEFC	USD	16.43	1,202.38	6.87	518.17
Travelling Advance to employees					
	USD	0.22	16.38	0.67	47.72
	AED	0.06	1.13	0.70	13.85
	CAD	-	-	0.02	0.92
	GBP	-	-	0.02	1.87
	SGD	-	-	0.02	0.87
	SAR	-	-	0.51	10.04
	HKD	-	-	0.06	0.56
<b>Financial liabilities</b>					
Trade and other payables					
	USD	(17.74)	(1,277.36)	(20.44)	(1,498.18)
	SGD	(0.86)	(47.04)	(1.02)	(53.34)
	SAR	-	-	(0.47)	(8.86)
	AUD	(1.76)	(97.89)	(8.35)	(395.32)
Short term borrowings		-	-	(98.86)	(7,453.21)

\* gross of loss allowance

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

Effect in Lakhs of INR	For the year ended 31 March 2021		For the year ended 31 March 2020	
	Strengthening	Weakening	Strengthening	Weakening
<b>1% movement</b>				
USD	121.76	(121.76)	83.13	(83.13)
EUR1	1.04	(1.04)	0.64	(0.64)
GBP1	0.11	(0.11)	3.34	(3.34)
CAD1	0.27	(0.27)	2.67	(2.67)
SGD1	(0.46)	0.46	12.14	(12.14)
AED1	2.24	(2.24)	2.38	(2.38)
SAR1	-	-	0.42	(0.42)
HKD1	-	-	0.01	(0.01)
MYR1	1.73	(1.73)	0.28	(0.28)
AUD1	(0.98)	0.98	(3.78)	3.78
	<u>125.71</u>	<u>(125.71)</u>	<u>101.23</u>	<u>(101.23)</u>



**Newgen Software Technologies Limited****Notes to the Consolidated financial statements for the year ended 31 March 2021***(All amounts are in lakhs of Indian Rupees, unless otherwise stated)***Financial instruments – Fair values and risk management (continued)****vi. Interest rate risk**

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

**a) Exposure to interest rate risk**

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

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

The currency profile of financial assets and financial liabilities as at 31 March 2021 and 31 March 2020 are as below:

	Nominal amount in INR	
	31 March 2021	31 March 2020
<b>Fixed-rate instruments</b>		
Financial assets	24,216.61	13,531.31
Financial liabilities	3,630.29	3,630.29
	<u>27,846.90</u>	<u>17,161.60</u>
<b>Variable-rate instruments</b>		
Financial assets	-	-
Financial liabilities	-	(7,453.21)
	<u>-</u>	<u>(7,453.21)</u>
<b>Total</b>	<b><u>27,846.90</u></b>	<b><u>9,708.39</u></b>

**b) Sensitivity analysis****Fair value sensitivity analysis for fixed-rate instruments**

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

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity by INR 23.15 lakhs after tax (31 March 2020: INR 16.84 lakhs).

**Cash flow sensitivity analysis for variable-rate instruments**

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

	Profit or loss	
	100 bp increase	100 bp decrease
<b>31 March 2021</b>		
Variable-rate instruments	-	-
<b>Cash flow sensitivity (net)</b>	<u>-</u>	<u>-</u>
<b>31 March 2020</b>		
Variable-rate instruments	74.53	74.53
<b>Cash flow sensitivity (net)</b>	<u>74.53</u>	<u>74.53</u>

**Market price risk****a) Exposure**

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

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

**b) Sensitivity analysis**

Group is having investment in mutual funds, government bonds, 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 46.30 lakhs after tax (31 March, 2020: INR 33.68 lakhs). An equal change in the opposite direction would have decreased equity by INR 46.30 lakhs after tax (31 March, 2020: INR 33.68 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 61.82 lakhs after tax (31 March, 2020: INR 65.26 lakhs). An equal change in the opposite direction would have decreased profit or loss by INR 61.82 lakhs after tax (31 March, 2020: INR 65.26 lakhs).

**Newgen Software Technologies Limited**  
**Notes to the Consolidated financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

**43 Capital Management**

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

The Group manages its capital structure and makes adjustments to it as and when required. To maintain or adjust the capital structure, the Group may pay dividend or repay debts, raise new debt or issue new shares. No major changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2021 and 31 March 2020.

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

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

	As at <b>31 March 2021</b>	As at <b>31 March 2020</b>
Total liabilities	2,009.12	11,083.49
Less: Cash and cash equivalent	7,174.94	10,011.04
<b>Adjusted net debt (a)</b>	<b>(5,165.82)</b>	<b>1,072.45</b>
Total equity (b)	66,569.67	54,906.64
Total equity and net debt (a+b) = c	61,403.85	55,979.09
Capital gearing ratio (a/c)	-8.41%	1.92%

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

#### 44 Segment reporting

##### A. Basis for segmentation

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

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

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

##### B. Information about reportable segments

###### Year ended 31 March 2021

Particulars	Reportable segments					
	India	EMEA	APAC	USA	Australia	Total Segment
<b>Revenue</b>						
External revenue	19,723.17	17,146.49	9,213.83	21,178.95	(0.00)	67,262.44
Inter-segment revenue	-	-	-	-	-	-
<b>Total Segment Revenue</b>	<b>19,723.17</b>	<b>17,146.49</b>	<b>9,213.83</b>	<b>21,178.95</b>	<b>(0.00)</b>	<b>67,262.44</b>
Segment profit/(loss) before income tax	4,552.39	4,965.95	4,224.60	6,075.94	(475.74)	19,343.14
Segment assets	9,275.72	11,922.12	5,058.01	10,187.25	526.82	36,969.92
Segment liabilities	5,593.20	6,818.10	2,404.16	6,112.25	35.09	20,962.80
Capital expenditure during the year	9,850.16	0.75	0.74	3.51	-	9,855.16

###### Year ended 31 March 2020

Particulars	Reportable segments					
	India	EMEA	APAC	USA	Australia	Total Segment
<b>Revenue</b>						
External revenue	19,499.82	20,734.45	7,556.53	18,284.82	0.00	66,075.62
Inter-segment revenue	-	-	-	-	-	-
<b>Total Segment Revenue</b>	<b>19,499.82</b>	<b>20,734.45</b>	<b>7,556.53</b>	<b>18,284.82</b>	<b>0.00</b>	<b>66,075.62</b>
Segment profit before income tax	1,738.54	4,431.59	2,263.24	2,422.78	(377.24)	10,478.91
Segment assets	10,204.77	14,386.81	5,669.50	10,373.98	126.65	40,761.71
Segment liabilities	5,349.50	6,467.29	1,928.31	5,803.79	37.54	19,586.43
Capital expenditure during the year	3,863.14	0.50	0.96	48.02	1.67	3,914.29

##### C. Reconciliations of information on reportable segments to Ind AS

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>(a) Revenue</b>		
Total revenue for reportable segments	67,262.44	66,075.62
Elimination of inter-segment revenue	-	-
<b>Total revenue</b>	<b>67,262.44</b>	<b>66,075.62</b>
<b>(b) Profit / (loss) before tax</b>		
Total profit before tax for reportable segments	19,343.14	10,478.91
Unallocated amounts:		
- Unallocated income	1,503.74	2,096.29
- Other corporate expenses	2,730.17	(3,101.03)
<b>Total profit before tax from operations</b>	<b>23,577.05</b>	<b>9,474.17</b>
<b>(c) Assets</b>		
Total assets for reportable segments	36,969.92	40,761.71
Other unallocated amounts	55,087.77	46,345.94
<b>Total assets</b>	<b>92,057.68</b>	<b>87,107.65</b>
<b>(d) Liabilities</b>		
Total liabilities for reportable segments	20,962.80	19,586.43
Other unallocated amounts	4,525.21	12,614.58
<b>Total liabilities</b>	<b>25,488.01</b>	<b>32,201.01</b>

##### C. Information about major customers

No customer individually accounted for more than 10% of the revenues in the year ended 31 March 2021 and 31 March 2020.

##### D. Unallocated assets, liabilities, revenue and expenses

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

**Newgen Software Technologies Limited**  
**Notes to the Consolidated financial statements for the year ended 31 March 2021**  
*(All amounts are in lakhs of Indian Rupees, unless otherwise stated)*

45 As at 31 March 2021, the holding company has gross foreign currency receivables amounting to INR 12,651.72 lakhs (previous year INR 18,849.78 lakhs). Out of these receivables, INR 492.42 lakhs (previous year INR 1,992.90 lakhs) is outstanding for more than 15 months. As per circular RBI/2019-20/206 A. P. (DIR series) circular no. 27, receipt for export goods should be realized within a period of 15 months from the date of export, for the exports made up to or on July 31, 2020. The Company must file extension with AD Bank & as per the requirements of circular no. RBI/2015-16/395 A. P. (DIR series) Circular no. 68 dated May 12, 2016, in one calendar year, the Company is allowed to seek extension for an amount equivalent to 10% of the average export collection of the last 3 years only and pursuant to the same, the Company is in the process of applying for approval to seek extension of time beyond 15 months from export date. The management is of the view that the Company will be able to obtain approvals from the authorities for realizing such funds beyond the stipulated timeline without levy of any penalties as it had bonafide reasons that caused the delays in realization.

46 Additional information pursuant to Para 2 of general instruction for the preparation of consolidated financial statement

Name of the enterprise	Net assets (Total assets - Total liabilities)			
	31 March 2021		31 March 2020	
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
<b>Parent</b>	95.16%	63,349.12	95.97%	52,692.54
Newgen Software Technologies Limited				
<b>Indian Subsidiary</b>				
Newgen Computers Technologies Limited	0.11%	74.65	0.13%	68.83
<b>Foreign Subsidiaries</b>				
Newgen Software Inc. USA.	3.91%	2,600.78	3.78%	2,072.91
Newgen Software Technologies UK Ltd.	0.42%	281.90	0.44%	240.89
Newgen Software Technologies Canada Ltd.	0.38%	251.92	0.35%	194.83
Newgen Software technologies PTE Ltd	1.27%	848.39	1.05%	576.77
Newgen Software technologies PTY Ltd	0.88%	588.67	0.87%	476.35
Adjustment arising out of consolidation	-2.14%	(1,425.74)	-2.58%	(1,416.48)
<b>Total</b>	<b>100.00%</b>	<b>66,569.67</b>	<b>100.00%</b>	<b>54,906.64</b>

Name of the enterprise	Share in profit and loss after tax			
	31 March 2021		31 March 2020	
	As % of consolidated profit and loss	Amount	As % of consolidated profit and loss	Amount
<b>Parent</b>	92.97%	11,759.46	90.62%	6,591.23
Newgen Software Technologies Limited				
<b>Indian Subsidiary</b>				
Newgen Computers Technologies Limited	0.05%	5.81	0.09%	6.30
<b>Foreign Subsidiaries</b>				
Newgen Software Inc. USA.	5.01%	633.23	7.51%	546.45
Newgen Software Technologies UK Ltd.	0.16%	19.75	0.36%	26.52
Newgen Software Technologies Canada Ltd.	0.30%	38.05	0.62%	45.02
Newgen Software technologies PTE Ltd	2.02%	254.94	2.67%	194.34
Newgen Software technologies PTY Ltd	0.12%	14.65	0.00%	14.12
Adjustment arising out of consolidation	-0.61%	(77.66)	-2.07%	(150.52)
<b>Total</b>	<b>100.00%</b>	<b>12,648.23</b>	<b>100.00%</b>	<b>7,273.46</b>

As per our report of even date attached

For **B S R & Associates LLP**

Chartered Accountants

Firm Registration No.: 116231W / W-100024

**SANDEEP**  
 BATRA

Digitally signed by  
 SANDEEP BATRA  
 Date: 2021.05.25 15:48:28  
 +05'30'

**Sandeep Batra**

Partner

Membership No.: 093320

UDIN:21093320AAAAAT2425

Place: Gurugram

Date: 25 May 2021

For and on behalf of the Board of Directors of

**Newgen Software Technologies Limited**

**DIWAKAR**  
**R NIGAM**

Digitally signed  
 by DIWAKAR  
 NIGAM  
 Date: 2021.05.25  
 14:17:28 +05'30'

TIRUMALAI  
 SUNDARAJA  
 IYENGAR  
 VARADARAJAN

**Diwakar Nigam**

Chairman & Managing Whole Time Director

DIN: 00263222

**T.S.Varadarajan**

Chief Financial Officer

DIN: 00263115

**Arun**  
**Kumar**  
**Gupta**

Digitally signed by Arun Kumar  
 Date: 2021.05.25 13:55:54 +05'30'

**Arun Kumar Gupta**

Chief Financial Officer

Membership No: 056859

**AMAN**  
**MOURYA**

Digitally signed by  
 AMAN MOURYA  
 Date: 2021.05.25  
 14:18:35 +05'30'

**Aman Mourya**

Company Secretary

Membership No: F9975

Place: New Delhi

Date: 25 May 2021

Place: Chennai

Date: 25 May 2021

Place: Noida

Date: 25 May 2021

Place: Noida

Date: 25 May 2021