



NEWGEN SOFTWARE TECHNOLOGIES LIMITED

NOMINATION & REMUNERATION POLICY

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Newgen Software Technologies Ltd.

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Revision History			
Release Date (DD-MM-YYYY)	Revision No.	Changes Summary (Mention Sections Affected)	Approved By (Designation)
07-05-2015	1.0	Adoption of Nomination and Remuneration Policy	Board of Directors on the Recommendation of the Nomination & Remuneration Committee.
01-04-2019	1.1	Revision in the Policy due to amendments in the SEBI Listing Regulations.	Board of Directors.



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1. INTRODUCTION:

It is the endeavor of Newgen Software Technologies Limited (“Company” or “Newgen”) that its Nomination & Remuneration Policy should represent the mode in which the Company carries out its business practices i.e. fair, transparent, inclusive and flexible. In pursuance of the Company’s policy to consider human resources as its invaluable assets, to pay equitable remuneration to all the Directors, Key Managerial Personnel, Senior Managerial Personnel and other Employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013, (“Act”) and SEBI (Listing Obligations & Disclosure Requirements), Regulations 2015 (“LODR”), this policy has been approved by the Board of Directors on the recommendation of the Nomination & Remuneration Committee. -

2. CONSTITUTION OF COMMITTEE:

The Board of Directors of the Company (“the Board”) shall constitute a Committee to be known as the Nomination & Remuneration Committee consisting of three or more non-executive Directors out of which not less than one-half shall be Independent Directors. The Chairman of the Committee shall be an Independent Director. However, the Chairperson of the Company (whether executive or non- executive) may be appointed as a member of the Nomination & Remuneration Committee but shall not chair such Committee.

3. OBJECTIVE:

The objective of this policy is to lay down a framework in relation to remuneration of the Directors, KMP, Senior Management Personnel and other Employees. The key objectives and purposes of the Policy inter alia are:

- (1) Formulating the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy/ framework relating to the remuneration of Directors, Key Managerial Personnel and Senior Management Personnel, and other employees.
- (2) To provide guidance to the Board and the Committee in relation to appointment / removal of Directors, Key Managerial Personnel and Senior Management Personnel.
- (3) Formulating the criteria for evaluation of performance of Chairperson, independent directors, non-Independent Directors and the Board of Directors as a whole.
- (4) To devise a policy on diversity of board of directors and to build a Succession Plan for appointment to the Board of Directors, KMPs and Senior Management Personnel.



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- (5) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

4. APPLICABILITY:

This Policy shall apply to:

- (a) Directors (Executive and Non-Executive);
- (b) Key Managerial Personnel;
- (c) Senior Management Personnel and
- (d) Other Employees;

5. DEFINITIONS:

“Act” or “Companies Act” means the Companies Act, 2013 and rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

“Key Managerial Personnel or KMPs” in relation to Company means –

- i. Chief Executive Officer or Managing Director;
- ii. Whole Time Director
- iii. Chief Financial Officer;
- iv. Company Secretary;
- v. Such other officer, not more than one level below the Directors who is in whole-time employment, designated as Key Managerial Personnel by the Board.

“LODR” or “Listing Regulations” means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“Newgen HR” means Human Resource Department of the Company.

“Other employees” means all the employees of the Company other than the Directors, KMPs and the Senior Management Personnel.

“Policy” or “This Policy” means, “Nomination & Remuneration Policy.”

“Senior Management Personnel” pursuant to Regulation 16(1)(d) of LODR, Senior Management Personnel shall mean officers/ personnel of the Company who are members of its core management team excluding Board of Directors and normally this shall comprise all members of management one level below the Chief Executive Officer/ Managing Director/ Whole time Director (including Chief Executive Officer, in case they are not part of the Board) and shall specifically include Company Secretary and Chief Financial Officer.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013 and LODR or in any applicable laws/ rules/ Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.



6. APPOINTMENT CRITERIA AND QUALIFICATIONS:

- 6.1 The Committee shall identify and ascertain the integrity, behavior pattern, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board for such appointment.
- 6.2 The Company shall not appoint or continue the employment of any person as Whole-time Director or Managing Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years only on the basis of recommendation of the Committee.
- 6.3 The Company shall not appoint or continue the employment of any person as an Independent Director who has attained the age of seventy five years. Provided that that the term of the person holding this position may be extended beyond the age of seventy five years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy five years. Such extension shall be on the basis of recommendation of the Committee.
- 6.4 An Independent Director should comply with the eligibility criteria stipulated in the Articles of Association of the Company, Section 164 & 149(6) of the Act including its rules thereto and LODR. An Independent Director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; shall not have any conflict of interest; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the Company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices.
- 6.5 For the appointment of Senior Managerial Personnel and KMPs (other than Managing Director / Whole time Director), a person should possess adequate qualification, expertise and experience for the position that person is considered for the appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- 6.6 For the appointment of other employees, the person should possess the relevant qualifications, expertise and experience as required and in accordance with the Newgen HR policy for the concerned position.
- 6.7 A whole time KMP of the Company shall not hold office in more than one Company except in its subsidiary Company at the same time. However, a whole-time KMP can be



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appointed as a Director in any Company, with the permission of the Board of Directors of the Company.

- 6.8 As specified in Regulation 18 and Part C of Schedule II of LODR, Audit Committee of the Board of Directors shall approve the appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate.
- 6.9 The information on recruitment and remuneration of KMPs and Senior Management Personnel, including appointment or removal of Chief Financial Officer and the Company Secretary shall also be placed before the Board of Directors and Nomination & Remuneration Committee.

7. RECRUITMENT STRATEGY AND PROCEDURE FOR SENIOR MANAGEMENT PERSONNEL AND KEY MANAGERIAL PERSONNEL EXCEPT MANAGING DIRECTOR/ WHOLE TIME DOCTOR:

The job description would be first put together based on the role the earlier incumbent is performing, as well as the future course of the Company. The shortlisting of candidates shall be undertaken by the Managing Director, Head of HR Department and Functional Head. Post selecting the potential candidates, the same shall be updated to the Nominations & Remuneration Committee for its consideration. Then offer is made to the selected candidate in line with the prevailing policies of Newgen HR both in terms of the compensation offered as well as the Level and Designation.

Every Whole-time KMPs of the Company shall be appointed by means of a Board Resolution containing the terms and conditions of the appointment including the remuneration.

8. TERM / TENURE:

8.1 Managing Director/ Whole-time Director:

The Company shall appoint or re-appoint any person as the Executive Chairman, Managing Director or Whole-time Director / Executive Director for a term not exceeding five years at a time with the approval of shareholders, as specified in the Act and LODR. No re-appointment shall be made earlier than one year before the expiry of such term. Appointment and reappointment of such Directors shall be made with the recommendation of the Committee.

8.2 Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.



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8.3 KMPs and Senior Management Personnel and Other Employees:

Terms of KMPs (excluding Managing Director/ Whole-time Director / Manager), Senior Management Personnel and other Employees shall be as per prevailing policies of Newgen HR subject to applicable laws and rules thereto, if any.

8.4 Removal

Due to reasons for any disqualifications mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations. The removal of Key Managerial Personnel and Senior Management Personnel shall also be governed by the prevailing Policies of Newgen HR.

8.5 Retirement

The Directors, KMPs and Senior Management Personnel shall retire as per the applicable provisions of the Act, laws and the prevailing policy of Newgen HR. Extension on the terms of appointment post attaining the retirement age can be considered by Newgen HR, if required for the benefit of the Company.

8.6 Independent Director who resigns or is removed from the board of directors of the Company shall be replaced by a new independent director at the earliest but not later than the immediate next meeting of the board of directors or three months from the date of such vacancy, whichever is later:

Provided that where Company fulfils the requirement of Independent Directors in its board of directors without filling the vacancy created by such resignation or removal, the requirement of replacement by a new Independent Director shall not apply.

9. EVALUATION OF PERFORMANCE:

9.1 The Committee shall carry out evaluation of performance of every Director and of the Board of Directors as a whole at regular interval (yearly).

9.2 The performance of the Directors shall be evaluated in the context of the Company's performance from a business and compliance perspective. The criteria to be used in the evaluation of performance will be those duties and responsibilities that the Board and the Director mutually agreed upon. The Committee shall also carry out evaluation of performance of every Director with a view to increase effectiveness as a governing body as well as participation of the Directors on the Board or Committee of the Board's proceedings.

9.3 The Committee shall time to time determine a process for evaluating the performance of every Director, Committees of the Board and the Board on an annual basis. The Committee shall also review its own performance on an annual basis. The Committee may seek the support and guidance of external experts and agencies for this purpose, if required.



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10. POLICY FOR REMUNERATION:

11.1 Remuneration to Executive Director/ Managing Director/ Whole-Time Director:

The Remuneration/ Compensation etc. to be paid to Executive Directors/ Managing Directors/ Whole Time Directors etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force including SEBI Regulations. If any Executive Director or Managing Director or Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without obtaining requisite approvals where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by Law or by any competent judicial Court or Body.

11.2 Remuneration to Non-Executive Director/Independent Director:

The Non-Executive Director / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination & Remuneration Committee and approved by the Board of Directors.

All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination & Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.

An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.

11.3 Remuneration to KMPs and Senior Management Personnel:

- The remuneration to KMPs and Senior Management Personnel shall consist of fixed pay and incentive pay in accordance with prevailing Newgen HR Policies. The remuneration, compensation, etc. to the KMPs, Senior Management Personnel will be determined after taking into account general market practice, performance of the Company and other relevant factors.
- The Committee shall recommend to the Board, all remuneration, in whatever form, payable to KMPs and Senior Management Personnel.
- The Committee of the Company shall determine the stock options and other share-based payments to be made to KMPs and Senior Management Personnel.



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11.4 Remuneration to other Employees:

- Apart from the Directors, KMPs and Senior Management Personnel, the remuneration for rest of the employees is determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and market conditions.
- The various remuneration components, basic salary, allowances, perquisites etc. may be combined to ensure an appropriate and balanced remuneration package as per prevailing Newgen HR Policies as formulated time to time in this respect.
- The annual increments to the remuneration paid to other employees shall be determined based on the appraisal carried out by the respective HODs of various departments, as per Newgen HR Policies. Decision on Annual Increments shall be made on the basis of this appraisal.
- To meet an urgent and specific need of all types of employees, the Company may provide salary advances as per the Newgen HR Policy as may be formulated in this respect.

11. INSURANCE:

Where any insurance is taken by the Company on behalf of its Directors, KMPs, and Senior Management Personnel and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration. Provided that if such person is proved to be guilty, the premium paid on such insurance may be treated as part of the remuneration. The adequacy of this policy shall be reviewed and reassessed by the Committee or the Board of Directors at such intervals as deems appropriate and recommendations, if any, shall be made to the Board to update the same from time to time.

12. NOMINATION TO THE BOARD:

The duties of the Committee in relation to nomination matters, inter alia, include:

- 13.1 Determining the appropriate size, diversity and composition of the Board and setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- 13.2 Ensuring that there is an appropriate induction & training programme in place for new Directors and members of Senior Management and reviewing its effectiveness;
- 13.3 Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Companies Act, 2013;
- 13.4 Identifying and recommending Directors who are to be put forward for retirement by



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rotation.

- 13.5 Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- 13.6 Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.

13. REMUNERATION DUTIES:

The duties of the Committee in relation to remuneration matters include:

- 14.1 to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board and recommend to the Board for approval.
- 14.2 to consider the remuneration of the Senior Management including Key Managerial Personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and recommend to the Board for approval.
- 14.3 to consider any other matters as may be requested by the Board;

14. BOARD DIVERSITY

- 15.1 The Board shall consist of such number of Directors, including at least one women Director and not less than fifty percent of the Board of Directors comprising non-executive Directors, as is necessary to effectively manage the Company of its size. When the Chairman of the Board is a non-executive Director, at least one-third of the Board shall comprise Independent Directors and in case the Company does not have a regular non-executive Chairman or in case the regular non-executive Chairman is a promoter of the Company, at least half of the Board shall comprise of Independent Directors.
- 15.2 The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. The Board and the Committee may periodically review Board diversity to bring in expertise and experience in diverse areas and disciplines to improve the standards of corporate governance, transparency and operational efficiency and risk management, wherever required. The Committee will lead the process for Board appointments. All Board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. The Committee will discuss succession planning and Board diversity at the time of nominating Directors.



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15.3 Additionally, the Committee and the Board may consider appointment of experts from various specialized fields such as information technology, corporate strategy, marketing and business development, international business, operations management, finance, law etc. so as to bring diversified skill sets on Board or succeed any outgoing Director with the same expertise.

15. SUCCESSION PLAN FOR APPOINTMENT TO THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT:

The Company recognizes the importance of the process to Succession Planning to provide for continuity in the smooth functioning of the organization. There are certain positions in the Company that are key to its current and future growth. It is, therefore, important that these positions are assigned to duly skilled and best possible incumbents. It is critical to fill up such positions well in time to avoid any leadership gap. Pursuant to regulation 17 of LODR, the Committee has therefore put the following plan for orderly succession for appointment on the Board and Senior Management.

16.1 The Nomination & Remuneration Committee of the Company shall review the leadership needs of the Company from time to time.

16.2 The Nomination & Remuneration Committee of the Board, shall apply a due diligence process to determine the suitability of every person who is being considered for being appointed or re-appointed as a Director of the Company based on their educational qualification, experience & track record and every such person shall meet the 'fit and proper' criteria and accordingly any appointment or re-appointment of a Director shall be subject to prior approval / recommendation by Nomination & Remuneration Committee of the Company.

16.3 Newgen HR shall periodically review and consider the list of senior managerial personnel due for retirement/attrition within two year. The Nomination Committee and Newgen HR shall also consider the new vacancies that may arise because of business needs/up-gradation of Department(s). Considering the above, the Committee shall assess the availability of suitable candidates for the Company's future growth and development. Further, based on the recommendation of the Managing Director and the Newgen HR, the Nomination & Remuneration Committee: -

- (i) Shall evaluate the incumbent after considering all relevant criteria like experience, age, leadership quality etc. and recommend to the Board whether the concerned individual be granted an extension in term/service or be replaced with an identified internal or external candidate.
- (ii) Shall identify the competency requirements of Board/key positions, assess potential candidates and develop required competency through planned development and learning initiatives. The Committee may utilize the services of professional search firms to assist in identifying and evaluating potential candidates.

16.4 The Managing Director and Newgen HR shall from time to time identify high-potential



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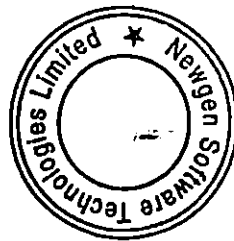
employees who merit faster career progression to position of higher responsibility and formulate, administer, monitor & review the process of skill development and identify the training requirements. Every member of the senior management team shall always endeavor to add capability in-house and mentor officials with potential working under him to handle his responsibility in his absence by exposing him to all aspects of work being handled by him.

- 16.5 If a Director's /Senior Management's position suddenly becomes vacant by reason of death or other unanticipated occurrence, the Committee shall be convened a special meeting as early as possible to implement the process described herein, subject to the necessity involved.

16. REVIEW AND AMENDMENT:

- 17.1 The Board of Directors on its own and /or as per the recommendations of Nomination & Remuneration Committee can amend this Policy, as and when deemed fit. However, any amendment in respect of criteria for determining qualifications, positive attributes and independence of Directors shall be done with the approval of Nomination & Remuneration Committee only.
- 17.2 In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), Clarification, circular(s) etc.

Date: 24.01.2019
Place: New Delhi



Signature:
Diwakar Nigam
Chairman & Managing Director