

NEWGEN™

DIVIDEND DISTRIBUTION POLICY

Reference Number: Finance:/ DDP/001

Newgen Software Technologies Ltd.

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Revision History

Release Date	Revision No.	Change Summary	Approved By
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DIVIDEND DISTRIBUTION POLICY

1. PREFACE:

This Dividend Distribution Policy (the “Policy”) is formulated in terms of Regulation 43A of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (“SEBI Listing Regulations”). The Board of Directors of Newgen Software Technologies Limited (the “Company”) has adopted the Policy with respect to dividend distribution to the members of the Company.

The terms as referred in the Policy shall have the same meaning as defined under the Companies Act 2013, including its Rules made thereunder, (“Act”) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the SEBI Listing Regulations”)

2. OBJECTIVES:

- a) The Policy sets out the circumstances, parameters and factors which the Company would take into consideration for the purpose of ascertaining the amount of dividend to be declared during or for any financial year or retaining profits earned by the Company.
- b) The Policy aims to balance the objectives of rewarding the shareholders through dividend payout and retaining the profits, in order to address future needs of the Company.

3 PARAMETERS TO DETERMINE WHETHER OR NOT TO DECLARE DIVIDEND OR TO DETERMINE THE QUANTUM OF DIVIDEND TO BE DECLARED:

The declaration and payment of dividends, if any, will be recommended by our Board of Directors and approved by our shareholders at their discretion, subject to the provisions of our Articles of Association and the Act. Dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date. Subject to the provisions of the applicable law, the Company’s dividend payout will be determined based on available financial resources, growth/investment requirements and fair shareholder return. The Company will broadly take into consideration the following parameters and factors to determine whether or not to declare dividend or to determine the quantum of dividend to be declared.

3.1 FINANCIAL PARAMETERS AND INTERNAL FACTORS:

- Financial performance of the Company for the year for which dividend is recommended, including the free cash flow generated and the cash flow position;
- Accumulated reserves;
- Financial requirements of the Company such as capital expenditure, working capital or other requirements, Cost of external financing;
- Business expansion and growth opportunities including acquisitions;
- Investments in subsidiaries of the Company;
- Tax implications if any, on distribution of dividends;
- Cost of raising funds from alternate sources of capital;
- Minimum cash required for contingencies or unforeseen events, if any;
- Any other significant developments that require cash investments.

3.2 EXTERNAL FACTORS:

- Any significant changes in macro-economic environment affecting India or the geographies in which the Company operates, or the business of the Company or its clients;
- Any political, tax and regulatory changes in the geographies in which the Company operates;
- Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model;
- Any changes in the competitive environment requiring significant investment.
- Dividend pay-out ratios of companies in the same industry.
- Shareholder's expectations and dividend payout history;
- Prevailing legal requirements, regulatory conditions or restrictions, if any, laid down under the applicable laws including tax laws;
- Factors which are beyond control of the management like natural calamities, outbreak of a pandemic disease, fire, etc. effecting operations of the Company.

In extraordinary circumstances, the Board may take into consideration other parameters and factors in addition to the ones enumerated in this Policy.

Provided that if the listed entity proposes to declare dividend on the basis of parameters in addition to the ones enumerated in this Policy or proposes to change such additional parameters or the dividend distribution policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its annual report and on its website.

4. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND:

Some conceivable circumstances in which the members may or may not expect the dividend for that financial year are:- challenging circumstances such as adverse

economic cycles and industry projections, pressure on cash flow on account of various factors such as higher working capital requirements, in the event of loss or inadequacy of profit, proposed expansion plans requiring higher capital allocation, utilization of surplus cash generated during the financial year in entirety for alternative forms of distribution such as buy-back of securities, etc.,

The Company shall comply with the relevant statutory requirements that are applicable to the Company in declaring dividend or retained earnings. Generally, the Board of Directors shall determine the dividend for a particular period after taking into consideration the financial performance of the Company, the advice of executive management, and other parameters described in this policy.

5. UTILIZATION OF RETAINED EARNINGS:

The consolidated profits earned by the Company can either be retained in the business and used for various purposes as outlined in clause 3.1 subject to the applicable provisions of the Act related with retained earnings or it can be distributed to the shareholder by way of interim dividend, buy back etc.,

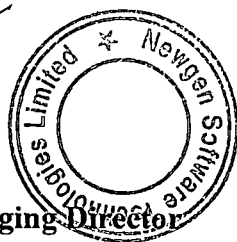
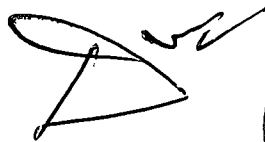
6. PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES:

The provisions contained in this policy shall apply to all classes of Shares of the Company. It may be noted that currently the Company has only one class of shares, namely, Equity Shares.

7. AMENDMENT/MODIFICATION:

In the event of any conflict between the provisions of this policy and of the Act or SEBI Listing Regulations the provisions of such Act or SEBI Listing Regulations shall prevail over this policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this policy.

This policy may be revised or modified by the approval of the Board of Directors of the Company. This Policy is also subject to modification, if any, in accordance with the guidelines / clarifications as may be issued from time to time by relevant statutory and regulatory authorities.



Diwakar Nigam
Chairman & Managing Director
Date: 25th May 2021