



CRITERIA OF MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS

Newgen Software Technologies Limited

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Newgen Software Technologies Ltd.

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Revision History			
Release Date	Revision No.	Changes Summary	Reason of modification/ Approval authority
18-09-2017	1.0	First Release	SEBI (LODR) Requirement
08-08-2019	2.0	Revision of the Criteria	Due to amendment in the remuneration of Non-Executive Directors as approved by members at 27 th AGM of the Company



1. INTRODUCTION

The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have enhanced the corporate governance norms to be complied by all Companies and dynamic business environment have placed more onerous responsibilities on the Non-executive Directors including Independent Directors (hereinafter referred as “Non-Executive Directors”).

The involvement of Non-Executive Director in the Company has increased over the years and they contribute significantly to the growth of the Company as well as sound Corporate Governance practices by bringing with them professional expertise, varied and wide experience. The Company believes that the remuneration paid to its Non- executive Independent Directors should be reflective of the size of the Company and complexity of the sector/ industry/ Company’s operations and should be consistent with recognized best practices. Overall remuneration (including sitting fees) should be reasonable and sufficient to attract, retain and motivate Non- executive Directors aligned to the requirements of the Company, taking into consideration the challenges faced by the Company and its future growth imperative.

2. CRITERIA FOR DETERMINING PAYMENTS TO NON-EXECUTIVE DIRECTORS

Contribution of the Non-Executive Directors in the Board and Committee Meetings, time devoted by them, participation in strategic decision making, timely guidance to the Board on the important policy matters of the Company, performance of the Company and industry practices and benchmarks form the main criteria for determining payments to Non-Executive Directors.

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013, provide that the compensation paid to non-executive directors shall be fixed by the Board of Directors with the approval of the shareholders in general meeting. Provided that, requirement of obtaining prior approval of shareholders in general meeting shall not apply to payment of sitting fees to non-executive directors, if made within the limits prescribed under Companies Act, 2013. Considering the above, remuneration payable to the Non-Executive Directors of the Company shall abide by the following:

- a) **Sitting Fee:** Non-Executive Directors may receive remuneration by way of sitting fees for attending the meetings of the Board and of committees thereof within the limit as prescribed under Companies Act, 2013. Within the parameters prescribed by law, the



payment of sitting fees shall be recommended by the Nomination & Remuneration Committee and approved by the Board of Directors of the Company.

- b) **Reimbursement of actual expenses incurred:** Non-Executive Directors are also entitled for reimbursement of expenses incurred for attending the Shareholders meetings, Board Meetings and Committee meetings, other meetings, visit of other offices, induction and training/ familiarization program as may be organised by the Company for directors, time to time.
- c) **Remuneration by way of Commission:** Pursuant to the approval of members of the Company as obtained at the 27th Annual General Meeting of the Company, the Non-Executive Directors of the Company may also be paid remuneration by way of commission subject to ceiling of 1% (one percent) per annum of the net profits of the Company, in aggregate, (in addition to the sitting fees and other reimbursement of expenses for attending the Board, Committee and other meetings) calculated in accordance with the provisions of Section 198 and other provisions, if any, of the Companies Act, 2013 from the financial year ending 31st March 2020 onwards, with the authority to the Board to determine the manner and the proportion in which the amount be distributed amongst the Non-Executive Directors from time to time, within the aforesaid ceiling limit.
- d) **Refund of excess remuneration paid:** If any non-executive director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the prescribed limit or without the prior approval, as required under Companies Act 2013, where it is required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.

3. AMENDMENTS

The Company reserves the right to modify and/or amend this document at any time subject to the applicable provisions the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.