



NEWGEN™

Newgen Software Technologies Limited

CIN: L72200DL1992PLC049074

A-6, Satsang Vihar Marg, Qutab Institutional Area, New Delhi - 110 067, INDIA

Email: corpmktg@newgensoft.com URL: <https://newgensoft.com>

Tel.: (+91)-11-4077 0100, (+91)-11-2696 3571, 2696 4733, Fax: (+91)-11-2685 6936

Information Regarding Employees Stock Option Scheme (ESOS) Pursuant To Rule 12(9) of Companies (Share Capital And Debentures) Rules, 2014 and Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014.

1) Details related to the Scheme:

As on 31st March 2020, the Company has in place the Newgen Employees Stock Option Scheme – 2014 (“**NEWGEN ESOP 2014**”). All the relevant details as prescribed under above Rule and Regulation are provided below and the same is also available on the website of the Company at <https://newgensoft.com>.

A. Relevant disclosures in terms of the ‘Guidance note on accounting for employee share-based payments’ issued by ICAI or any other relevant accounting standards as prescribed from time to time:

Please refer Annexure 1.

B. Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations in accordance with ‘Indian Accounting Standard (Ind AS) - 33 - Earnings Per Share’ or any other relevant accounting standards as prescribed from time to time:

Fully diluted EPS pursuant to issue of Equity Shares on exercise of stock options calculated in accordance with Ind AS - 33 ‘Earning Per Share’ (Consolidated)	Basic: 10.56 Diluted: 10.51
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C. Other Details relating to Newgen ESOP 2014:

S. No.	Particulars	Fiscal 2020	Fiscal 2019	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015
i.	a) Date of member’s approval	The Company has in place the Newgen Employee Stock Option Scheme – 2014 (“ NEWGEN ESOP 2014 ”), as approved by the members on 13 th November 2014, which was further amended and modified on 28 th July 2017 by the members of the Company, to be compliant with the SEBI (Share Based Employee Benefits) Regulations, 2014 during IPO procedure. Post initial public offer of the Company, the members ratified the Newgen ESOP 2014 on 9 th August 2018, as required under SEBI (Share Based Employee Benefits) Regulations, 2014.					
	b) Total number of options approved	The maximum number of 37,83,800 shares can be issued under NEWGEN ESOP 2014.					
	c) Total number of options granted	NIL	NIL	5,62,550	NIL	NIL	36,53,525



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	d) Vesting requirements	<p>Set forth below is the vesting schedule, subject to there being a gap of at least one year between the date of grant of options and the vesting of such options.</p> <table border="1" data-bbox="652 583 1409 751"> <thead> <tr> <th>Number of options vested</th> <th>Vesting schedule</th> </tr> </thead> <tbody> <tr> <td>10% of the options granted</td> <td>One year from the date of grant</td> </tr> <tr> <td>20% of the options granted</td> <td>Two years from the date of grant</td> </tr> <tr> <td>30% of the options granted</td> <td>Three years from the date of grant</td> </tr> <tr> <td>40% of the options granted</td> <td>Four years from the date of grant</td> </tr> </tbody> </table>	Number of options vested	Vesting schedule	10% of the options granted	One year from the date of grant	20% of the options granted	Two years from the date of grant	30% of the options granted	Three years from the date of grant	40% of the options granted	Four years from the date of grant
Number of options vested	Vesting schedule											
10% of the options granted	One year from the date of grant											
20% of the options granted	Two years from the date of grant											
30% of the options granted	Three years from the date of grant											
40% of the options granted	Four years from the date of grant											
	e) Exercise price or pricing formula	₹ 63/-										
	f) Maximum term of options granted	Once the options have vested, such options have to be exercised within a period of five years from the date on which the last of the options vest. Vesting period shall be as stated in above point (d).										
	g) Source of shares (primary, secondary or combination)	Company uses Trust Route for implementing this Scheme. Source of Share to the Trust as on 31 st March 2020 is Primary. For more information please refer details related to Newgen ESOP Trust as provided in this disclosure.										
	h) Variation in terms of options	NIL										
ii.	Method used to account for NEWGEN ESOP 2014	Fair Value Method using Black-Scholes Model										
iii.	Difference between the employee compensation cost using the intrinsic value of stock options and the employee compensation cost that shall have been recognized if it had used the fair value of the options. The impact of this difference on	During the financial year 2019-20, Company followed fair value accounting of stock options.										

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	profits and on EPS of the Company.	
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iv.	Option movement						
a)	Number of options outstanding at the beginning of the year	15,57,524	22,43,483	30,61,209	33,84,305	36,53,525	NIL
b)	Number of options granted during the year	NIL	NIL	5,62,550	NIL	NIL	36,53,525
c)	Number of options forfeited / lapsed during the year	40,723	1,12,466	1,26,096	1,66,525	2,13,175	NIL
d)	Number of options vested during the year	90,605	12,68,724	9,43,211	7,77,170	2,88,188	NIL
e)	Number of options exercised during the year	6,49,706 *	5,73,493	12,54,180	1,56,571	56,045	NIL
f)	Number of shares arising as a result of exercise of options	6,32,203*	5,73,493	12,54,180	1,56,571	56,045	NIL
g)	Money realized by exercise of options (INR), if scheme is implemented directly by the company	4,09,31,478	3,61,30,059	7,90,13,340	98,63,973	35,30,835	NIL
h)	Loan repaid by the Trust during the year from exercise price received	2,04,75,000	1,48,05,000	8,53,02,000	1,82,10,000	19,50,000	NIL
i)	Number of options outstanding at the end of the year	8,84,598	15,57,524	22,43,483	30,61,209	33,84,305	36,53,525
j)	Number of options exercisable at the end of the year	5,71,519	11,22,797	4,45,616	7,77,170	2,88,188	36,53,525

v.	Weighted-average exercise prices and weighted-average fair values of options disclosed separately for	➤ Weighted-average exercise prices: ₹ 63/-
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	options whose exercise price either equals or exceeds or is less than the market price of the stock.	➤ Weighted-average fair values of options granted during the year: NA
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**Total 6,49,706 options were exercised by the employees during Financial Year 2019-20. Out of which, as on 31st March 2020, total 17,503 shares (against options which were exercised by the employees in the month of March 2020) were pending with Newgen ESOP Trust for transfer to the employees due to COVID-19 and related lock down.*

vi. Employee wise details of the options granted:							
a. Option granted to Senior Managerial Personnel & KMPs during the year*		Fiscal 2020	Fiscal 2019	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015
Name	Designation						
Virender Jeet	Sr. Vice President (Sales and Marketing/ Product)	NIL	NIL	42,000	NIL	NIL	55,000
Surender Jeet Raj	Sr. Vice President (HR/Operations)	NIL	NIL	39,000	NIL	NIL	55,000
Tarun Nandwani	Sr. Vice President (Business Management)	NIL	NIL	22,000	NIL	NIL	55,000
Arun Kumar Gupta	Chief Financial Officer	NIL	NIL	13,000	NIL	NIL	35,000
Aman Mourya	Company Secretary	NIL	NIL	5,000	NIL	NIL	NIL
b. Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year		NIL	NIL	NIL	NIL	NIL	NIL
c. Identified employees who were granted option during any one year equal to or exceeding 1% of the issued capital of the		NIL	NIL	NIL	NIL	NIL	NIL

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Company (excluding outstanding warrants and conversions) at the time of grant.							
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**The exercise price at which options are granted is ₹ 63/-*

- vii. A description of method and significant assumptions used during the year to estimate the fair value of options including the following information:

a) the weighted-average values of share price	NA																									
b) the weighted average values of exercise price	NA																									
c) Expected volatility	NA																									
d) Expected option life	<table border="1"> <thead> <tr> <th>Grant Name</th> <th>Grant Date</th> <th>Number of options outstanding</th> <th>Exercise Period</th> <th>Remaining Life (In Years)</th> </tr> </thead> <tbody> <tr> <td>ESOP 2014/ Grant I</td> <td>01-01-2015</td> <td>4,97,800</td> <td>31-12-2023</td> <td>3.75</td> </tr> <tr> <td>ESOP 2014/ Grant II</td> <td>01-07-2017</td> <td>1,99,375</td> <td>30-06-2026</td> <td>6.25</td> </tr> <tr> <td>ESOP 2014/ Grant III</td> <td>01-09-2017</td> <td>1,26,500</td> <td>31-08-2026</td> <td>6.42</td> </tr> <tr> <td>ESOP 2014/ Grant IV</td> <td>01-10-2017</td> <td>47,600</td> <td>30-09-2026</td> <td>6.50</td> </tr> </tbody> </table>	Grant Name	Grant Date	Number of options outstanding	Exercise Period	Remaining Life (In Years)	ESOP 2014/ Grant I	01-01-2015	4,97,800	31-12-2023	3.75	ESOP 2014/ Grant II	01-07-2017	1,99,375	30-06-2026	6.25	ESOP 2014/ Grant III	01-09-2017	1,26,500	31-08-2026	6.42	ESOP 2014/ Grant IV	01-10-2017	47,600	30-09-2026	6.50
Grant Name	Grant Date	Number of options outstanding	Exercise Period	Remaining Life (In Years)																						
ESOP 2014/ Grant I	01-01-2015	4,97,800	31-12-2023	3.75																						
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ESOP 2014/ Grant III	01-09-2017	1,26,500	31-08-2026	6.42																						
ESOP 2014/ Grant IV	01-10-2017	47,600	30-09-2026	6.50																						
e) Expected dividends	NA																									
f) Risk-free interest rate and any other inputs to the model	NA																									
g) The method used and the assumptions made to incorporate the effects of expected early exercise;	NA																									
h) How expected volatility was determined, including an explanation of the extent to which expected	NA																									

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volatility was based on historical volatility; and	
i) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition	NA

2) Details Related to Trust:

Newgen ESOP 2014 will continue to be implemented through the Trust Route and accordingly Newgen ESOP Trust was constituted for Newgen ESOP 2014. In Trust Route, the Trust will utilise the shares already held by it and will acquire the shares of the company either through fresh allotment from the company or by way of secondary acquisition, if any.

(i) Details:

S. No.	Particulars	Newgen ESOP Trust (For Newgen ESOP 2014)
1.	Name of the Trust	Newgen ESOP Trust
2.	Details of the Trustee (s)	Mr. Amarendra Kishore Sharan Mr. Arvind Kaul
3.	Amount of loan disbursed by the company/ any company in the group during the year	NIL
4.	Amount of loan outstanding (repayable to company/ any company in the group) as at the end of the year*	1,36,06,157
5.	Amount of loan, if any, taken from any other source for which the company or any company in the group has provided any security or guarantee	NIL
6.	Any other contribution made to the Trust during the year	NIL

*Including Interest of ₹ 97,63,157/- on Loan payable by Newgen ESOP Trust.

(ii) Brief details of transactions in shares by the Trust:

S. No.	Particulars	Newgen ESOP Trust (For Newgen ESOP 2014)
1.	Number of shares held at the beginning of the year	11,28,091
2.	Number of shares acquired during the year through (i) primary issuance (ii) secondary acquisition**, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share;	Primary Issue: 3,70,000 (0.53% of paid up capital as at the end of the Previous Financial year 2019-20) Weighted average cost of primary acquisition: ₹ 63/-
3.	Number of shares transferred to the employees / sold along with the purpose thereof;	6,32,203**
4.	Number of shares held at the end of the year.	8,65,888**



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***As on 31st March 2020, 17,503 shares were pending for transfer to employees who have exercised their options in the month of March 2020 due to COVID-19 and related lock-down.*

(iii) In case of secondary acquisition of shares by the Trust:

Number of shares	As a percentage of paid-up equity capital as at the end of the year immediately preceding the year in which shareholders' approval was obtained
	Newgen ESOP Trust
Held at the beginning of the year	NIL
Acquired during the year	NIL
Sold during the year	NIL
Transferred to the employees during the year	NIL
Held at the end of the year	NIL

Certified True Copy

**Sd/-
Aman Mourya
Company Secretary**

Extract of Notes from Financials For the FY 2019-20

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

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 2020, during the year 2019-20 there were no grants made.

ESOP schemes	Grant Date	No. of Options Outstanding	Exercise Price	Weighted average remaining life	Vesting Period
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Jan-2015	5,09,468	INR 63.00	3.75	4 years
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Jul-2017	1,99,980	INR 63.00	6.25	4 years
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Sep-2017	1,26,500	INR 63.00	6.42	4 years
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Oct-2017	48,650	INR 63.00	6.50	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 31 March 2020	Weighted average exercise price 31 March 2020	Number of options 31 March 2019	Weighted average exercise price 31 March 2019
Options outstanding as at the beginning of the year	15,57,524	INR 63.00	22,43,483	INR 63.00
Less: Options lapsed during the year	40,723	INR 63.00	1,12,466	INR 63.00
Less: Options exercised during the year	6,32,203	INR 63.00	5,73,493	INR 63.00
Options outstanding as at the year end	8,84,598	INR 63.00	15,57,524	INR 63.00
Exercisable as at year end	5,71,519		11,22,797	
Weighted - average contractual life	4.85 years		5.51 years	

C. Expense recognised in Statement of Profit and Loss

For details on the employee benefits expense, refer note 29