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Newgen Software Technologies Limited

CIN: U72200DL1992PLC049074

E-44/13, Okhla Phase-II, New Delhi - 110 020, INDIA

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URL : <http://www.newgensoft.com>

NOTICE OF EXTRA-ORDINARY GENERAL MEETING

Notice is hereby given that an Extra-Ordinary General Meeting (EGM) of M/s Newgen Software Technologies Limited will be held on Thursday, 13th day of November, 2014 at D-152, Okhla Industrial Area, Phase - I, New Delhi – 110 020 at 11.30 A.M to transact the following business:-

SPECIAL BUSINESS:

Item No. 1

To approve Newgen Employees Stock Option Scheme 2014 and to consider & if thought fit, to pass with or without modification(s) the following resolution as a special resolution in this regard.

“**RESOLVED THAT**, pursuant to the provisions of Section 62(1)(b) including all other applicable provisions, if any, of the Companies Act, 2013, provisions of any other applicable laws, the Memorandum and Articles of Association of the Company, and subject to such other approvals, permissions and sanctions/modification as may be necessary, the approval of the members of the Company be and is hereby accorded respectively to the ‘Newgen Employees Stock Option Scheme - 2014’ (hereinafter referred to as the “Newgen ESOP-2014” or “Scheme”) and to the Board of Directors of the Company (hereinafter referred to as “the Board”) including its Compensation Committee to create, offer and grant over a period of time upto 37,83,800 (Thirty seven Lakh eighty three thousand and eight hundred) options to the eligible permanent employees and Directors of the Company, except Independent Director, existing and future, as may be decided solely by the Board as prescribed in Newgen ESOP-2014, which are exercisable into 37,83,800 (Thirty seven Lakh eighty three thousand and eight hundred) equity shares of face value of Rs. 10/- each fully paid up, on such terms and in such manner as the Board may decide in accordance with the provisions of the law or guidelines issued by the relevant authorities.

RESOLVED FURTHER THAT the maximum number of Equity Shares to be earmarked under the Newgen ESOP-2014 shall not exceed 37,83,800 (as adjusted for any changes in the capital

structure, from time to time) (hereinafter referred to as “Earmarked Shares”) in addition to the Employee Stock Options issued under any other previous Employee Stock Option Scheme/Plan of Company and the Board be and is hereby authorized to issue and allot Equity Shares not exceeding the Earmarked Shares either directly to the eligible employees/ Directors as aforesaid upon exercise of Options from time to time in accordance with Newgen ESOP-2014 (i.e. one Stock Option being equivalent to one Equity Share of the Company), and/ or to Newgen ESOP Trust in one or more tranches at a price prescribed in the Scheme and Newgen ESOP Trust shall also be permitted to purchase Equity Shares from other shareholders of the Company, for the purpose of creating or increasing the pool of Earmarked Shares, accordance with the provisions of Companies Act, 2013.

RESOLVED FURTHER THAT the issue of Stock Options to any non-resident employees shall be subject to such approvals, permissions or consents, if any, as may be laid down by the Reserve Bank of India or any other relevant authority in this regard from time to time.

RESOLVED FURTHER THAT the number of Options that may be granted to any employee including Director of the Company, in any financial year and in aggregate under the Newgen ESOP-2014 shall not exceed 1% of the Paid-up Share Capital of the Company.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, change in capital structure, merger and sale of division/undertaking or other re-organization, change in capital and others, if any additional Equity Shares are required to be issued by the Company to the Option grantees for the purpose of making a fair and reasonable adjustment to the Options granted earlier, the above ceiling of 37,83,800 (Thirty seven Lakh eighty three thousand and eight hundred) Equity Shares shall be deemed to be increased to the extent of such additional Equity Shares issued.

RESOLVED FURTHER THAT in case of any change in capital structure such as Right issue/bonus issue, sub-division or consolidation, then the number of Shares to be allotted and the exercise price payable by the Option grantees under the Plan shall automatically stand reduced or augmented, as the case may be, in the same proportion as the present face value of Re. 10/- per Equity Share shall bear to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT new equity shares to be issued and allotted by the Company to the “Newgen ESOP Trust of the Company established for the ESOP or to be issued directly to the employees shall rank *pari-passu* in all respects with the existing equity shares of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board of Directors of the Company be and is also hereby authorised to do all such acts, deeds, matters

and things as it may in its absolute discretion deem necessary, proper or desirable including forfeiture/cancellation of options granted; to re-issue options which have lapsed/cancelled due to whatsoever reasons etc. as also to settle any question, difficulty or doubt that may arise in this regard and without requiring to secure any further consent or approval of the shareholders of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution.”

Item No. 2

To approve the extension of benefits of Newgen Employees Stock Option Scheme 2014 to the eligible employees of the subsidiary companies of the Company and to consider & if thought fit, to pass with or without modification(s) the following resolution as a special resolution in this regard.

“**RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 & Rules made there under and other statutory Act, laws and rules as may be applicable on the Company for the time being in force, the consent of the members, by way of special resolution, be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board”) to extend/broaden the benefit & coverage of Newgen Employees Stock Option Scheme 2014 as referred in the resolution of item no. 1 of EGM notice, also to the permanent employees, directors except promoters and Independent Directors, whether present or future, of the Company’s subsidiary companies whether working in or outside India in the manner as specified under the resolution of item no. 1 and Newgen Employees Stock Option Scheme 2014.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolutions, the Board be and is hereby authorized on behalf of the Company to do and perform any or all such other acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution.”

Item No. 3

Approval to make provision of money for subscribing/ purchasing of its own shares by the Newgen ESOP Trust or employees and to consider & if thought fit, to pass with or without modification(s) the following resolution as a special resolution in this regard.

“**RESOLVED THAT** pursuant to the provisions of Section 67 of the Companies Act, 2013 and other applicable provisions if any, of the Companies Act, 2013 (including any statutory



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modification(s) or re-enactment thereof for the time being in force read with Rule 16 of the Companies (Share Capital and Debentures) Rules, 2014, the relevant provisions of Newgen ESOP-2014 Scheme of the company, and subject to such other approval(s), consent(s), permission(s) and/or sanction(s) as may be required from appropriate regulatory authorities/institutions or bodies and subject to such terms and conditions as may be prescribed, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the Board" which term shall be deemed to include any Committee thereof, including the Compensation Committee, for the time being exercising the powers conferred on the Board of Directors by this resolution) to make provision of money, from time to time, not exceeding the limits as prescribed in Rule 16 of the Companies (Share Capital and Debentures) Rules, 2014 for the Newgen ESOP Trust, for subscription of/purchasing the fully paid up shares of the Company in accordance with 'Newgen ESOP-2014 Schemes duly approved by the shareholders of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolutions, the Board be and is hereby authorized on behalf of the Company to do and perform any or all such other acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution."

Date: 18.09.2014

Place: New Delhi



**By order of the Board
For Newgen Software Technologies Ltd.**

**Arun Kumar Gupta
VP – Finance & Company Secretary
Membership No.: A12325**

NOTES:

1. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, with respect to the special business set out in the Notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY, IN ORDER TO BE EFFECTIVE MUST BE DULY FILLED, STAMPED, SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Corporate Members intending to send their authorised representative to attend the Extra-Ordinary General Meeting are requested to send to the Company a duly certified copy of the Board Resolution/ or letter of authorization, authorizing their representative to attend and vote at this Extra-Ordinary General Meeting.
4. The shareholders may update their email Id, Contact No., address with the Company, if any changes thereof, by sending e-mail/ letter to the Company at corpmktg@newgensoft.com / registered office of the Company.

Date: 18.09.2014
Place: New Delhi



By order of the Board
For Newgen Software Technologies Ltd.

A handwritten signature in black ink, appearing to read "Arun Kumar Gupta".

Arun Kumar Gupta
VP –Finance & Company Secretary
Membership No.: A12325

EXPLANATORY STATEMENT ANNEXED TO THIS EGM NOTICE PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 IN RESPECT OF THE SPECIAL BUSINESS MENTIONED IN THE NOTICE:

ITEM NO. 1 & 2

The Company appreciates the critical role the peoples of Newgen play in the growth of the organization. It strongly feels that the value created by its people should be shared with them. Accordingly the company has been granted stock options to eligible employees under its ESOP scheme 1999 and ESOP 2000 scheme.

With the Company's rapid growth in the last few years, Newgen has moved into next phase in its journey of growth and in this phase, the company feels, in order to extend the benefit of ESOPs to more Eligible Employees and Directors of the Company, to introduce a new ESOP Scheme titled as "Newgen Employees Stock Option Scheme 2014" (hereinafter referred to as "Newgen ESOP-2014 or "Scheme") which shall be subject to and in conformity with the provisions of the Companies Act, 2013 (including any amendment, modification, enactment thereto for the time being in force)("the Act") and other applicable laws rules.

Members may note that pursuant to Section 62 of the Companies Act, 2013 ("Act"), an unlisted Company can offer shares to its Employees and Employees of its subsidiary(ies) under an Employee Stock Option Scheme ("ESOP Scheme"), approved by Members through a Special Resolution. The Act further provides that the resolution for ESOP Scheme(s) shall be proposed separately for the Employees of the Company and for its subsidiary (ies).

The Company already has existing stock Option Schemes. However, in view of the above provisions, new Scheme(s) are proposed in line with the new provisions for granting Options to the eligible Employees of the Company and/ or its subsidiary (ies) (collectively 'Employees').

Disclosures as per the provision of Section 62 of the Companies Act, 2013 and Rule 16 of the of the Companies (Share Capital and Debentures) Rules, 2014:

S. No.	Particulars	Disclosure
a.	Total number of stock options to be granted;	Total number of Options to be granted under the Scheme shall not exceed 37,83,800 (Thirty seven Lakh eighty three thousand and eight hundred) equity shares of Re.10/- each. Vested option that lapse due to non-exercise or

<p>b. Identification of classes of employees entitled to participate in the Employees Stock Option Scheme;</p>	<p>unvested option that cancelled due to resignation of the employees or otherwise, would be available for being re-granted at a future date.</p> <p>Such eligible permanent employees and Directors of the Company and its present and future subsidiaries, excluding an independent director, as may be decided by the Compensation Committee and permitted by law excluding:-</p> <ol style="list-style-type: none"> I. An employee who is a promoter or a person belonging to the promoter group; II. A director, who either by himself or through his relative or through anybody corporate, directly or indirectly, holds more than 10% (ten percent) of the outstanding equity shares of the Company. <p>The class of employees eligible for participant in Newgen ESOP-2014 Scheme may be determined on the basis of grade of the employee, length of the service, his role, contribution to overall performance of the Company, the performance of profit center/division to which he opening~ merits of the employee, future potential contribution by the employee, sense of loyalty and/or such other criteria & as may be decided by the Compensation committee at its sole discretion from time to time.</p>
<p>c. The appraisal process for determining the eligibility of employees to the Employees Stock Option Scheme;</p>	<p>The appraisal process for determining the eligibility of the employees and directors will be in accordance with the Newgen ESOP-2014 Scheme or as may be determined by the Compensation Committee at its sole discretion.</p> <p>The employees would be granted Options under Newgen ESOP-2014 based on various parameters such as work performance, period of service, rank or designation and such other parameters as may be decided by the Compensation Committee from time to time.</p>

<p>d. The requirements of vesting and period of vesting;</p>	<p>I. There should be a minimum period of one year.</p> <p>II. The vesting may happen in one or more tranches as may be decided by the Compensation Committee.</p>
<p>e. The maximum period within which the options shall be vested;</p>	<p>The maximum exercise period of an option shall not be more than 5 (five) years from the last vesting date</p>
<p>f. The exercise price or the formula for arriving at the same;</p>	<p>The options would be issued at a price (Exercise Price) of Rs. 63/- each.</p>
<p>g. The exercise period and process of exercise;</p>	<p>The Exercise period will commence from the date of vesting and extend up to a period not later than five years from the date of the vesting of the Options or such other period as may be decided by the Compensation Committee, from time to time.</p> <p>The Option would be exercisable by the employee by a written application in the prescribed form to the designated officer of the Company to exercise the options and on the execution of such documents as may be prescribed by the Compensation Committee under the Scheme.</p> <p>The options will lapse if not exercised within the specified exercise period.</p>
<p>h. The Lock-in period, if any ;</p>	<p>No lock-in period</p>
<p>i. The maximum number of options to be granted per employee and in aggregate;</p>	<p>The maximum number of options to be granted to an specific employee shall not exceed 1% of the issued capital excluding outstanding warrants and conversions) of the Company at the time of grant of options.</p>
<p>j. The method which the company shall use to value its options;</p>	<p>The Company shall use the Weighted Average Method for valuation of the options.</p>

k.	The conditions under which option vested in employees may lapse e.g. in case of termination of employment for misconduct;	As may be prescribed by the Compensation Committee of the Board of Directors, time to time, at its sole discretion subject to the provisions of Newgen ESOP-2014 Scheme.
l.	The specified time period within which the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee; and	<p>I. In the event of termination of employment due to resignation, he shall be entitled to only those options as vested with him till that date and such vested options must be exercised either on the date of resignation or on the last day of his leaving the Company. All the options so vested with him, not exercised and all unvested options shall lapse with immediate effect from the date of resignation.</p> <p>II. In the event of termination of the employment due to total or permanent disability to the employee, all the options granted to him as on that day shall vest with him immediately. The employee shall be entitled to exercise such options vested with him within a period of 6 (Six) months from the date of such total or permanent disability. All vested options, not exercised within the specified period mentioned above will lapse.</p>
m.	Disclosure and Accounting policies	The Company will comply with the disclosure of ESOP and applicable accounting standard & policies, as applicable.

The Directors recommend the Resolutions proposed vide Item nos 1 and 2 of the Notice be passed and approved as Special Resolutions by the Members.

None of the Directors or Key Managerial Personnel of the Company or their relatives is / are concerned or interested in the said Resolution, except to the extent of the Options that may be granted/ shares that may be issued to any of them in accordance with the said Scheme.

ITEM NO. 3

Your company has, previously, introduced two Newgen ESOP 1999 & ESOP 2000 and further willing to introduce and formulated thereof the Newgen ESOP 2014 Scheme in order to reward the employees for their association and performance as well as to motivate them to contribute to the growth and profitability of the Company as specified in the aforesaid explanatory statements of Item no. 1 & 2. For the proper administration of the scheme, the company has opted for the TRUST Route as well as direct route, under TRUST Route the company makes temporary provision of money to the Newgen ESOP Trust (hereinafter referred as "Trust"), through which the Trust subscribes the fully paid equity shares of the Company and in direct route the company shall issue shares to the employees directly. It may further be noted that once the Trust receives the money from the employees with respect to exercise of options, the money so collected by the Trust is utilised to repay the amount taken by the Trust from the Company.

Members may please note that there was no provision in Companies Act, 1956 that required approval of members for making provision of money for Trust to subscribe company's own shares including the limits for such provision. However, provisions of Sec 67 of the Companies Act, 2013 read with Rule 16 of the Companies (Share Capital and Debentures) Rules, 2014 which is effective from 1st April, 2014, provides that a company can make such provision only upto 5% of the aggregate of paid up capital and free reserves of the company, provided that the aforesaid provision of money for subscription of shares is approved by the members by way of passing a Special resolution.

Disclosures as required under Rule 16 of the Companies (Share Capital and Debentures) Rules, 2014

1. The Class of employees for whose benefit the scheme is being implemented and money is being provided for purchase of or subscription to shares.

The employees of the Company, its holding and subsidiary company(ies), as prescribed in Newgen ESOP 2014 Scheme and as may be decided by the Compensation Committee from time to time, excluding the employees, who are either promoters or who belongs to the promoter group as defined in the Act.

2. The Particulars of the Trustees in whose favour such shares are to be registered.

Name of the Trustees – Mr. Arvind Kaul and Mr. Amarendra Kishore Sharan.

3. The particulars of Trust and name, address, occupation and nationality of Trustees and their relationship with the promoters, directors or key managerial personnel, if any.

Name: Newgen ESOP Trust

Address of the Trust: E -44/13, Okhla Phase – II, New Delhi-110020.

Name of Trustees	Address	Occupation	Nationality
Mr. Arvind Kaul	A - 571, Indra Nagar, Lucknow – 226016	Business	Indian
Mr. Amarendra Kishore Sharan	D1B/6B, Janak Puri, New Delhi - 110058	Service	Indian

The Trustees are not related to the Promoters / Directors / Key Managerial personnel.

4. Any interest of Key Managerial personnel, Directors or promoters in such scheme or Trust and effect thereof.

The Key Managerial personnel and Directors are interested in the Scheme only to the extent, of stock options granted to them, if any.

5. The detailed particulars of benefits which will accrue to the employees from the implementation of the scheme.

- a) Motivation of the Employees increases to contribute to the growth and profitability of the company.
- b) Employees will remain associated with the company for the growth of the Organization.
- c) New human talent in the Company can be attracted.
- d) Employees with the long term interests will be aligned with the sustained growth and creation of the shareholders value of the Company.
- e) It creates a sense of ownership and participation amongst the Employees to share the value they create for the Company in the years to come.

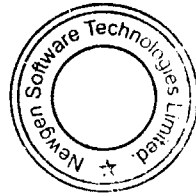
6. The Details about who would exercise and how the voting rights in respect of the shares to be purchased or subscribed under the scheme would be exercised.

The shares shall be transferred to employees on exercise of options, till the shares are transferred to the employees account, the Newgen ESOP Trust would be considered as the registered shareholder of the company and may exercise the Voting rights in respect of shares held in Newgen ESOP Trust. The employees shall have no rights as a shareholder until the name of the employees has been entered in the register of members of the company as the holder of the shares provided under the Newgen ESOP -2014.

None of the Directors or Key Managerial Personnel of the Company or their relatives is / are concerned or interested in the said Resolution, except to the extent of the Options that may be granted/ shares that may be issued to any of them in accordance with the said Scheme.

Hence, in terms of the provisions of Section 67 of the Companies Act, 2013 read with Rule 16 of the Companies (Share Capital and Debentures) Rules, 2014, the Company requires an approval of the Members by way of a Special Resolution and accordingly, the Special Resolution at Item No. 5 seeks your approval for provisioning of money for Trust/(s) under the ESOP Schemes of the Company.

Date: 18.09.2014
Place: New Delhi



**By order of the Board
For Newgen Software Technologies Ltd.**



Arun Kumar Gupta
VP –Finance & Company Secretary
Membership No.: A12325