



Policy for Determining on Material Subsidiaries

*Revision No.:- 1.0
(W.E.F:18-September -2017)*

Newgen Software Technologies Ltd.

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Revision History			
Release Date <i>(DD-MM-YY)</i>	Revision No.	Changes Summary <i>(Mention Sections Affected)</i>	Approved By <i>(Designation)</i>
18-09-2017	1.0	First Release	Board of Directors

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1. Objective:

Newgen Software Technologies Limited ("Newgen Software" or "the Company") is obligated to frame a Policy for Determining 'material' subsidiary companies in terms of Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations"). In view of the requirements referred to above and for enhancement of its commitment to better corporate governance, the Company has adopted a policy for determining its material subsidiaries (the "Policy").

The objectives of this Policy will be used to determine the Material Subsidiaries and Material Non-listed Indian Subsidiary of the Company and to provide the governance framework for such subsidiaries.

2. Definition

- **Act** shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.
- **Audit Committee** means the committee of Board of Directors constituted in pursuance of Section 177 of the Act and SEBI Regulations.
- **Board** means the Board of Directors of Newgen Software Technologies Limited as constituted from time to time.
- **Independent Director** means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Act and the SEBI Regulation.
- **Company** or **Newgen Software** means "Newgen Software Technologies Limited"
- **Material Subsidiary** shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year, as specified in Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- **Material Non-listed Indian Subsidiary** shall mean an unlisted Subsidiary, incorporated in India, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- **Net Worth** shall be as defined under the Act and the rules made there under.
- **Significant transaction or arrangement entered into by the unlisted subsidiary** shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.
- **Subsidiary** shall be as defined under the Act and the rules made there under.
- **Unlisted Subsidiary** means Subsidiary whose securities are not listed on any recognized Stock Exchanges.
- Any capitalized terms used but not defined in this Policy shall have the meaning given to them under the Act, the SEBI Regulations, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or any other applicable rules, guidelines and regulations prescribed there under.

3. Policy Description/Guidelines:

3.1. Governance of Material Subsidiaries

A. Compliances with respect to Material Non-Listed Indian Subsidiary

At least one Independent Director of the Company shall be appointed as a director on the board of each Material Non-Listed Indian Subsidiary

B. Compliances with respect to Material Subsidiaries

- a) The Company shall not, without the prior approval of its shareholders by way of a special resolution:
 - I. dispose of shares held in its Material Subsidiaries which would have the effect of reducing its shareholding (either on its own or together with other Subsidiaries) to less than 50% (fifty per cent.);
 - II. cease the exercise of control over any Material Subsidiary; or
 - III. sell, dispose or lease assets amounting to more than 20% (twenty per cent.) of the assets of the Material Subsidiary on an aggregate basis during any financial year, unless such disinvestment, sale, disposal or lease is made under a scheme of arrangement duly approved by a Court / Tribunal

C. Compliances with respect to all unlisted Subsidiaries

- a) The Audit Committee of the Company shall review the financial statements of its unlisted Subsidiary, in particular, the investments made by such unlisted Subsidiary.
- b) The minutes of the board meetings of the unlisted Subsidiary shall be placed before the Board of the Company at regular intervals.
- c) The Board shall also review all Significant Transactions and Arrangements entered into by unlisted subsidiary.
- d) The management of unlisted subsidiary shall periodically bring to the notice of the Board, a statement of all Significant Transactions and Arrangements entered into by unlisted Subsidiary.
- e) Subsidiary company shall not either by its own or through its nominees, holds any shares in its holding company & no holding company shall allot or transfer its shares to any of its subsidiary companies & any such allotment or transfer of shares of a company to its subsidiary company shall be void.

Nothing contained in this clause, shall apply to a case:

- ◆ Where the subsidiary company holds such shares as the legal representative of a deceased member of the holding company; or
- ◆ Where the subsidiary company holds such shares as a trustee; or
- ◆ Where the subsidiary company is a shareholder even before it became a subsidiary company of the holding company.

4. Disclosures:

As prescribed under Regulation 46 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this policy shall be disclosed on the company's website and a weblink thereto shall be provided in the Annual Report of the Company.

5. Amendment:

The Board may on its own and/or as per the recommendations of the Audit Committee amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the rules, regulations, notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

6. GENERAL

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Act and the Rules, Notifications and Circulars made/issued there under, as amended, from time to time.

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy.