

HAPPIEST MINDS TECHNOLOGIES LIMITED



BOARD DIVERSITY POLICY

Effective date	June 9, 2020
Amended date	January 28, 2022

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BOARD DIVERSITY POLICY

1. INTRODUCTION:

- 1.1. The Policy on Board Diversity (the “**Policy**”) sets out the approach to diversity on the Board of directors (the “**Board**”) of Happiest Mind Technologies Limited (the “**Company**”).
- 1.2. This Policy is being adopted by the Company to comply with the applicable rules and regulations of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”).
- 1.3. The policy has been approved by the Nomination and Remuneration Committee (“**NRC**”) at its meeting held on June 9, 2020 and approved by the Board in its meeting held on June 9, 2020.

2. POLICY STATEMENT

- 2.1. The Company recognises and embraces the benefits of having a diverse Board that possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the businesses of the Company. The Company sees diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately.
- 2.2. The Company maintains that the Board appointments should be based on merit that compliments and expands the skills, experience and expertise of the Board as a whole taking into account knowledge, professional experience, qualifications, gender, age, cultural and educational background, and any other factors that the Board might consider relevant and applicable from time-to-time for it to function effectively.
- 2.3. In the process of attaining a diverse Board based on the aforementioned criteria, the following criteria needs to be assessed:

A. Optimum Composition

1. The Board shall have an optimum combination of executive and non- executive directors and not less than fifty per cent of the Board of directors comprising non- executive directors.
2. At least half of the Board should comprise of independent directors (where the chairman of the Board is executive) or at least one third of the Board should comprise of independent directors (where the chairman of the Board is non- executive).

3. At least half of the Board of the Company shall consist of independent directors where the regular non-executive chairperson is a promoter or is related to any promoter or person occupying management positions at the level of Board or at one level below the Board as required under Regulation 17 of the Listing Regulations.
4. The Board shall comprise of not less than six directors as required under Regulation 17 of the Listing Regulations.
5. The Board shall designate an Independent Director to be a 'Lead Independent Director' who mainly have roles such as:
 - i) Chairs the meeting of Independent Directors
 - ii) Serves as liaison between Independent Directors and Management of the Company
 - iii) Performs such other duties as may be determined by the Board or the Group of Independent Directors.
6. The Company shall not appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy-five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.
7. The Company shall ensure that with effect from 1 April 2022, the chairperson of the Board shall:
 - (i) Be a non-executive director;
 - (ii) Not be related to the executive chairman or the chief executive officer as per the definition of the term "relative" defined under the Companies Act, 2013.

B. Functional diversity

1. Appointment of directors to the Board of the Company should be based on the specific needs and business of the Company. Appointments should be done based on the qualification, knowledge, experience and skill of the proposed appointee which is relevant to the business of the Company.
2. Knowledge of and experience in domain area such as Information technology, Banking and Finance, Corporate, Investment Banking, Legal, Risk, Management, etc., should be duly considered while making appointments to the Board level.
3. While appointing independent directors, care should be taken as to the independence of the proposed appointee.
4. Directorship in other companies may also be taken into account while determining the candidature of a person.

C. Stakeholder diversity

1. The Company may also have directors on its Board representing the interest of any financial

institution or any other person in accordance with the provisions of its articles of association and/ or any agreement between the Company and the nominating agency.

2. Subject to the provisions of section 151 read with the relevant rules made thereunder, the Company may, upon notice of not less than one thousand small shareholders or one-tenth of the total number of such shareholders, whichever is lower have a small shareholders' director elected by small shareholders.

3. ROLE OF NOMINATION AND REMUNERATION COMMITTEE

3.1 The Nomination Committee shall be responsible for:

- A. reviewing and assessing the Board composition on behalf of the Board and shall recommend to the Board, the appointment of new directors based on their qualifications, positive attributes and independence;
- B. formally assessing the appropriate mix of diversity, skills, experience and expertise required on the Board and assessing the extent to which the required skills are represented on the Board;
- C. making recommendations to the Board in relation to Board succession, including the succession of the Chairman, to maintain an appropriate mix of Diversity, skills, experience and expertise on the Board;
- D. reviewing and reporting to the Board in relation to Board Diversity; and
- E. make recommendations to the Board regarding the Measurable Objectives.

3.2 In reviewing the Board composition, NRC will consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to enable it to discharge its duties and responsibilities effectively.

4. REVIEW OF THE POLICY

- 4.1. The NRC will review the policy annually, which will include an assessment of the effectiveness of the policy.
- 4.2. The NRC will discuss any revisions that may be required and recommend any such revisions to the Board for approval.

5. PENALTY FOR NON ADHERENCE OF THE CLAUSE OF THE POLICY

- 5.1. Non – Adherence to any of the Clause as mentioned in this Policy will attract penalty of one lakh rupees which may extend to one crore rupees as prescribed under Section 15 HB of SEBI Act, 1992.

6. PUBLICATION OF THE POLICY

- 6.1 The Board at its discretion may make disclosures in the Annual Report regarding Board Diversity.