

HAPPIEST MINDS TECHNOLOGIES LIMITED



CODE OF CONDUCT FOR BOARD OF DIRECTORS (INCLUDING INDEPENDENT DIRECTORS) AND SENIOR MANAGEMENT PERSONNEL

Effective date	September 17, 2020
Amended date	January 28, 2022

HAPPIEST MINDS TECHNOLOGIES LIMITED

CODE OF CONDUCT FOR BOARD OF DIRECTORS (INCLUDING INDEPENDENT DIRECTORS) AND SENIOR MANAGEMENT PERSONNEL

1. Introduction:

1.1 This Code of Conduct for the Board of Directors and Senior Management Personnel of Happiest Minds Technologies Limited (“Code” or “Code of Conduct”) is been introduced to ensure that the business of the Company is conducted with the highest standards of ethics and values in accordance with the applicable laws, regulations and rules and is critical to the success of the Company.

1.2 This Code of Conduct is being adopted by the Company to comply with the applicable rules and regulations of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

1.3 The Board of Directors of the Company at its Meeting held on June 9, 2020 approved the Code of Conduct and is effective as on September 17, 2020.

1.4 The Directors and the Senior Management Personnel recognize that they have fiduciary responsibility and are accountable to maximize shareholder value through good business practices and controls.

2. Definitions & Interpretations

2.1 The term “**Board of Directors**” or “**Board**”, in relation to a Company, means the collective body of the Directors of the Company.

2.2 The term “**Whole-time Director**” shall be the Directors on the Board of Directors of the Company includes a Director who are in whole-time employment of the Company.

2.3 The term “**Non-Executive Director**” shall mean Directors on the Board of Directors of the Company who are not in whole time employment of the Company.

2.4 The term “**Independent Directors**” shall mean an Independent Director referred to in Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

2.5 The term “**Conflict of Interest**” means where the interests or benefits of one person or entity conflict with the interests or benefits of the Company.

2.6 The term “**Senior Management Personnel**” shall mean individuals who are designated as Key Managerial Personnel / Presidents / Vice-Presidents and above and which term shall include all operational heads, irrespective of their designation.

2.7 The term “**Director**” shall mean the directors on the Board of Directors of the Company.

3. Applicability:

3.1 This Code shall be applicable to the following persons:

- A. Whole-time Directors including the Executive Chairman of the Company.
- B. All Non-Executive Directors including Independent Directors unless specifically exempted from some provisions of this Code.
- C. All Employees in the category of Senior Management Personnel of Happiest Minds Technologies Limited
- D. The Whole-time Directors and Senior Management Personnel should continue to comply with other applicable / to be applicable policies, rules and procedures of the Company.

4. Philosophy

4.1 Basic philosophy of the Code of Conduct has been guided by the practices of good corporate governance followed by the Company. The acronym SMILES describes our ethos, and stands for our core values as follows:

- A. Sharing - Culture of teamwork and sharing knowledge and wealth
- B. Mindful - Attentive, caring, heedful. Mindful of our responsibilities
- C. Integrity - Respect our commitments internally and externally, not just in letter, but also in spirit. Creating an organization that stands for fiscal, social and professional integrity
- D. Learning - A culture that rewards self-development and innovation
- E. Excellence - High aspirations for global excellence backed by a strong action orientation
- F. Social Responsibility - Good corporate citizen with a special emphasis on environmental responsibility and driving inclusivity in the workplace

4.2 The Code of Conduct therefore aligns around the said core values and the commitment to maintain the highest standards in its interface with all stakeholders, society at large and the environment.

4.3 The Code has been formulated and approved by the Board and is to be strictly observed by the Directors and the Senior Management Personnel of the Company for the governance of good corporate practices. Any issue relating to the interpretation of the Code will be handled by the Board. The Company Secretary of the Company is appointed as the Compliance Officer under the Code and will be available to answer any questions, provide clarification and to help in ensuring compliance with the Code.

5. Key Requirements

5.1 The Board of Directors and the Senior Management Personnel must act within the authority conferred upon them and in the best interests of the Company and besides the duties and responsibilities cast upon Directors by applicable laws, articles of association of the Company, a Director is also expected to observe the following Code of Conduct:

- A. Shall act honestly, diligently and in good faith and integrity in all their dealings with and for the Company.

- B. Shall maintain confidentiality of information entrusted by the Company or acquire during the performance of their duties and shall not use it for personal gain or advantage.
- C. Shall act in accordance with highest standards of integrity, fairness and ethical conduct while working for the Company as well as in representing the Company without their judgment being subordinated and also to fulfill their fiduciary obligations.
- D. Shall not involve themselves in making any decision on a subject matter in which a conflict of interests arises or could arise, between their personal interest and the interests of the Company. In the event of apprehending such conflict of interests the relevant facts shall be disclosed in writing explaining the circumstances that would create or could create the conflicts of interests to:
 - 1) the Board of Directors in the case of Directors (Whole-time Director and Non-Executive Director); and
 - 2) Managers and above in the case of Senior Management Personnel for further directions in the matter.
- E. Shall avoid having any personal financial interests in works or contracts awarded by the Company.
- F. Shall avoid any relationship with a contractor or supplier (either directly or indirectly such as through a family member or other person or organization with which they are associated) that could compromise the ability to transact business on a professional, impartial and competitive basis or that may influence decision to be made by the Company.
- G. Shall not hold any positions or jobs or engage in outside business or other interests that adversely affect the performance of duties of the Company. Whole-time Directors and Senior Management Personnel are expected to devote their full attention to the business interests of the Company and as, more particularly, subject to terms and conditions laid down in their respective contracts / appointment letters.
- H. Shall not exploit for their own personal gain, the opportunities that are discovered through Company's business, information or position, unless the opportunity is disclosed fully in writing to the Company's Board of Directors and the Chief Executive Officer as the case may be.
- I. Shall not seek to accept directly or indirectly any gifts of value more than Rs.2,000/- or its equivalent from anyone having business dealings with the Company.
- J. Shall immediately bring to the notice of the Board about any unethical behaviour, suspected fraud or violation of the Company's policies.
- K. Shall comply with all applicable laws, rules and regulations and any violation thereon may make them personally liable. Directors and Senior Management Personnel may be subjected to disciplinary action by the Company for violation of provisions of law.
- L. Shall become and remain familiar with Happiest Minds Technologies Limited and the economic and competitive environment in which the Company operates and understands the business plan, strategies and objectives.

- M. Shall ensure compliance with SEBI (Prohibition of Insider Trading Regulations), 2015 as amendment from time to time
- N. Shall not derive benefit or assist others to derive benefit by giving investment advice from the access to and possession of information about the Company, not in public domain and therefore constitute insider information. The Directors and the Senior Management Personnel shall make timely disclosures of:
- 1) trading in the shares of the Company,
 - 2) transactions having personal interest and
 - 3) related party transactions that are required to be made under laws, rules and regulations and Code of Conduct / Internal Procedure for prevention of Insider Trading in the Securities of Happiest Minds Technologies Limited.
- O. Any information concerning the Company's business, its customers, suppliers, etc., which is not in the public domain and to which the Directors and Senior Management Personnel have access or possesses such information, must be considered confidential and held in confidence, unless authorized to do so and when disclosure is required as a matter of law. No Director and Senior Management Personnel shall provide any information either formally or informally, to the press or any other publicity media, unless specifically authorized.
- P. Notify the other Directors about the material personal interest in any matter and must not vote on such matter;
- Q. Shall be committed to shareholders' worth value and shall strictly comply with all regulations and laws that govern shareholders' right.
- R. The shareholders shall be informed about all relevant aspects about the Company's business and disclose such information as may be required from time to time, in accordance with applicable rules and regulations.
- S. Non-executive Directors who are categorized as independent directors shall inform the Board in case of changes in their interest which impacts their independence as a Director or of any conditions which may interfere with their ability to perform their Board or Board Committee duties.
- T. All books, records, accounts and financial statements will be maintained in reasonable detail, appropriately reflect transactions and conform to both applicable legal requirements and systems of internal control.
- 6. Code of Conduct for Independent Directors**
- 6.1 Code of conduct applicable to the Independent Directors shall be as per the Appendix to this code.

7. Enforcement of Code of Conduct:

- 7.1 Each Director and Senior Management Personnel shall be accountable for fully complying with this Code.
- 7.2 The Company shall ensure confidentiality and protection to any person who has, in good faith, reported a violation or has suspected violation of law, of this Code or other Company policies, or against any person who is assisting in any investigation or process with respect to such a violation.
- 7.3 In case of breach of this Code by Senior Management Personnel shall be determined by the Executive Chairman of the Company. In case of breach of this Code by the Whole-time Directors or Non-Executive Directors, the same shall be examined by the Board of Directors for initiating appropriate action as deemed necessary.

8. Waiver and Amendments of the Code:

- 8.1 No waiver of any of the provisions of this Code shall be valid unless the Board of Directors of the Company approves such waiver in case of Board Members and by the Executive Chairman of the Company in the case of Senior Management Personnel.
- 8.2 The provisions of this Code can be amended by the Board of Directors of the Company from time to time.

9. Insertion of the Code in website:

- 9.1 As required by Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 this code and any amendments thereto shall be posted on the website of the Company.

10. Annual Compliance Reporting

- 10.1 All members of the Board and Senior Management shall affirm compliance with this Code on an annual basis.

11. Penalty for Non-Adherence of the Clauses of the Policy

- 11.1 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

12. Conclusion

- 12.1 This Code embodies the belief that acting always with the Company's legitimate interests in mind and being aware of the Company's responsibility towards its stakeholders is an essential element of its long term growth and excellence.

APPENDIX

HAPPIEST MINDS TECHNOLOGIES LIMITED CODE FOR INDEPENDENT DIRECTORS

1. The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

2. Guidelines of professional conduct

2.1 An independent director shall:

- A. uphold ethical standards of integrity and probity;
- B. act objectively and constructively while exercising his duties;
- C. exercise his responsibilities in a *bona fide* manner in the interest of the Company;
- D. devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- E. not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- F. not abuse his position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- G. refrain from any action that would lead to loss of his independence;
- H. where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly; and
- I. assist the Company in implementing the best corporate governance practices.

3. Role and functions:

3.1 The independent directors shall:

- A. help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- B. bring an objective view in the evaluation of the performance of board and management;
- C. scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- D. safeguard the interests of all stakeholders, particularly the minority shareholders;
- E. balance the conflicting interest of the stakeholders;
- F. determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management; and
- G. moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

4. Duties:

- 4.1 The independent directors shall—
- A. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
 - B. seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company;
 - C. strive to attend all meetings of the Board of Directors and of the Board committees of which he/she is a member or intimate before for to the Company Secretary for any leave of absence;
 - D. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
 - E. strive to attend the general meetings of the Company;
 - F. where they have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
 - G. keep themselves well informed about the Company and the external environment in which it operates;
 - H. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
 - I. pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company;
 - J. ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
 - K. report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
 - L. acting within his authority, assist in protecting the legitimate interests of the Company, shareholders and its employees; and
 - M. not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

5. Manner of appointment:

- 5.1 Appointment process of independent directors shall be independent of the management of the Company; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- 5.2 The appointment of independent director(s) of the Company shall be approved at the meeting of the shareholders.
- 5.3 The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder and that the proposed director is independent of the management.
- 5.4 The appointment of independent directors shall be formalised through a letter of appointment,

which shall set out:

- A. the term of appointment;
- B. the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
- C. the fiduciary duties that come with such an appointment along with accompanying liabilities;
- D. provision for Directors and Officers (D and O) insurance, if any;
- E. the Code of Business Ethics that the Company expects its directors and employees to follow;
- F. the list of actions that a director should not do while functioning as such in the Company; and
- G. the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

5.5 The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the Company by any member during normal business hours.

5.6 The terms and conditions of appointment of independent directors shall also be posted on the Company's website.

6. Re-appointment:

6.1 The re-appointment of an independent director shall be on the basis of report of performance evaluation.

7. Resignation or removal:

7.1 The resignation or removal of an independent director shall be in the same manner as is provided in Sections 168 and 169 of the Companies Act, 2013.

7.2 An independent director who resigns or is removed from the Board of the Company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.

7.3 Where the Company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case maybe, the requirement of replacement by a new independent director shall not apply.

8. Separate meetings:

8.1 The independent directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;

8.2 All the independent directors of the Company shall strive to be present at such meeting;

8.3 The meeting shall:

- A. review the performance of non-independent directors and the Board as a whole;
- B. review the performance of the Executive Chairman of the Company, taking into account the views of executive directors and non-executive directors; and
- C. assess the quality, quantity and timeliness of flow of information between the management of the Company and the Board that is necessary for the Board to effectively and reasonably

perform their duties.

9. Evaluation mechanism:

- 9.1 The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.