

## LETTER OF APPOINTMENT

Dear [Mr. / Ms.] [●], I am writing to confirm that the Board and the Members have approved your appointment as an Independent Director on the Board of Directors of Happiest Minds Technologies Limited (hereinafter referred to as the '**Company**') for a period of five (5) years with effect from [●].

This letter of appointment sets out the terms and conditions covering your appointment, which are as follows:

### 1. **Appointment**

- 1.1 You will be appointed as a Non-Executive Independent Director on the Board of Directors of the Company with effect from [●]. Your appointment is subject to the extant provisions of the Companies Act, 2013, as amended from time to time.
- 1.2 The term "Independent Director" should be construed as defined under the Companies Act, 2013.
- 1.3 The Company has adopted the provisions with respect to appointment and tenure of Independent Directors as are consistent with the Companies Act, 2013. The Company is at liberty to disengage a Non-Executive Independent Director earlier subject to compliance of the relevant provisions of the Companies Act, 2013.
- 1.4 As an Independent Director you are not liable to retire by rotation.

### 2. **Committees**

The Board of Directors (the "**Board**") may invite you for being appointed on one or more of the existing Board Committees or any Committee(s) that may be set up in the future.

### 3. **Time Commitment**

- 3.1 As a Non-Executive Independent Director you are expected to bring objectivity and independence to the Board's discussions and help provide the Board with effective leadership in relation to the Company's strategy, performance, and risk management, as well as ensuring high standards of financial probity and corporate governance. The Board meets at least four times in a year. You will be expected to attend the Board, the Board Committees and the Annual General Meetings and to devote sufficient time, as required for you to discharge your duties effectively.
- 3.2 By accepting this appointment, you confirm that you are in a position to allocate sufficient time to meet the expectations of your role to the satisfaction of the Board.

3.3 The Independent Directors of the Company shall hold at least 1 (one) meeting in a year, without the attendance of Non-Independent Directors and members of management. You shall strive to be present at such meeting. Such meetings shall:

- (a) review the performance of Non-Independent Directors and the Board as a whole;
- (b) review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- (c) assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

#### **4. Fiduciary Duties**

Your role and duties shall be those normally required of a Non-Executive Independent Director under the Companies Act, 2013. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and *inter alia* are as under:

- 4.1 You shall act in accordance with the Company's Articles of Association.
- 4.2 You shall act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company.
- 4.3 You shall discharge your duties with due and reasonable care, skill and diligence.
- 4.4 You shall not involve yourself in a situation in which you may have a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company or its group companies or bring discredit to it/them. Any situation that creates a conflict of interest between personal interests and the Company and its stakeholders' interests, must be avoided at all costs. Please refer to Clause 7 for full explanation on conflict of interest.
- 4.5 You shall not assign your office as Director and any assignments so made shall be void.

There are certain roles, functions and duties prescribed for all Independent Directors, which are listed in the 'Code for Independent Directors' as provided in Schedule IV to the Companies Act, 2013. You shall abide by the said 'Code of Conduct for Independent Directors' as amended from time to time to the extent relevant and applicable to your role. You shall also abide by the general Terms and Conditions as annexed hereto as *Annexure A*.

## **5. Status of Appointment and Remuneration**

- 5.1** You will not be an employee of the Company and this letter shall not constitute a contract of employment. You will be paid such remuneration by way of sitting fees of INR 1 lakh (INR one lakh) for attending meetings of the Board and its Committees and commission as a percentage of the yearly profit of the Company as may be decided by the Board and approved by the Members from time to time, subject to the limits prescribed under the Companies Act, 2013.

## **6. Reimbursement of Expenses**

In addition to the remuneration described in Clause 5, the Company will, for the period of your appointment, reimburse you reasonable expenses incurred in the discharge of your roles/duties including:

- (i) Participation in meetings of the Board;
- (ii) Participation in other meetings such as Board Committee meetings and meetings of Independent Directors, as may be required.

## **7. Conflict of Interest**

- 7.1** It is accepted and acknowledged that you may have business interests, memberships other than those of the Company. As a condition to your appointment commencing, you are required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of your appointment.
- 7.2** In the event that your circumstances seem likely to change and might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgment that you are independent, this should be disclosed to the Chairman, the Managing Director and the Company Secretary.

## **8. Confidentiality**

All information acquired during your tenure of directorship is confidential and should not be disclosed, either during your tenure or following termination (by whatever means) to third parties without prior clearance from the Chairman and the Managing Director, unless required by law or by the rules of any stock exchange or regulatory body. In the latter case, you would be required to suitably inform the Chairman and the Managing Director of such an event or disclosure. You should direct any media queries or approaches to the appropriate spokesperson within the Company and to the Chairman and the Managing Director. On reasonable request, you shall surrender any documents and other materials made available to you by the Company.

**9. Evaluation**

The Company will carry out an evaluation of the performance of the Board as a whole, Board Committees and the Directors on an annual basis. Your appointment and reappointment on the Board shall be subject to the outcome of the yearly evaluation process.

**10. Insurance**

The Company has Directors' and Officers' liability insurance and it is intended that the Company will maintain such cover for the full term of your appointment.

**11. Disclosure of Interest**

It is expected that any interest you may have in any transaction or arrangement that the Company has entered into should be disclosed no later than when the transaction or arrangement comes up at a Board meeting so that the minutes may record your interest appropriately and our records are updated. A general notice that you are interested in any contracts with a particular person, firm or company is acceptable.

**12. Termination**

12.1 You may resign from your position at any time and should you wish to do so, you are requested to serve a reasonable written notice to the Board being not less than 3 (three) months.

12.2 Continuation of your appointment is contingent on your getting re-elected by the shareholders in accordance with provisions of the Companies Act, 2013, and the Articles of Association of the Company, from time to time in force. You will not be entitled to any compensation if the shareholders do not reelect you at any time.

12.3 Your appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company.

**13. Miscellaneous**

13.1 This letter takes effect on the date written below.

13.2 Please sign, date and return the enclosed copy of this letter to acknowledge your agreement to the terms set out in this letter.

Yours Sincerely,

For **Happiest Minds Technologies Limited**

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**Executive Chairman**

I hereby acknowledge receipt of and accept the terms set out in this letter.

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[●]

**Date:**

**Place:**

## Annexure A

### GENERAL TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

The terms and conditions of appointment of Independent Directors are subject to the extant provisions of applicable laws, including the Companies Act, 2013 (“Act”) and the Articles of Association of the Company.

The appointment process of Independent Directors is independent of the Company’s management. During the selection process, the Board ensures 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.

The appointment of Independent Director(s) of the Company is approved at the meeting of the shareholders. The Board always ensures that the Independent Director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.

The terms and conditions for the appointment of the Independent Director are provided below:

#### APPOINTMENT

An independent director shall not be liable to retire by rotation in terms of the Provisions of the Act.

An independent director shall not be liable to retire by rotation in terms of the Provisions of the Act. Independent Directors will serve for not more than two terms of not more than five years each on the Board.

#### ROLE AND RESPONSIBILITY

- By accepting the appointment, the Independent Director confirms that he/she is able to allocate sufficient time to perform his/her role as an Independent Director of the Company.
- In terms of the Act, he/she will have to attend at least 1 (one) Board Meeting during every Financial Year in-person and other meetings may be attended through video conference or other audio visual means, subject to the requirements set out in the Act. Also, he/she will strive to attend the Board / its committees’ calls whenever scheduled as per the best convenience of all the attendees.
- As an Independent Director, he/she will be bound by the Code for Independent Directors as mentioned under Schedule IV to the Act.
- As an Independent Director, he/she has the same general legal responsibilities to the Company as any other Director including all fiduciary duties, responsibilities, statutory obligations and liabilities of directors prescribed in law including the Act.
- The Board as such is collectively responsible for promoting the success of the Company by directing and supervising the Company’s affairs. The brief description of the terms of reference of the Board of Directors are as follows:
  - To manage and direct the business and affairs of the Company;
  - To manage, subject to the Articles of Association of the Company, its own affairs, including planning its composition, selecting its Chairman, appointing Committees, establishing the terms of reference and duties of Committees and determining Directors’ compensation;

- To act honestly and in good faith in the best interests and objects of the Company, its employees, its shareholders, the community and for protection of environment;
  - To exercise due care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and shall also exercise independent judgment;
  - To participate directly or through its Committees, in developing and approving the mission of the business, its objectives and goals and the strategy for their achievement;
  - To ensure congruence between shareholders' expectations, Company's goals, objectives and management performance;
  - To monitor the Company's progress towards its goals and to revise and alter its direction in light of changing circumstances;
  - To approve and monitor compliance with all significant policies and procedures by which the Company is operated;
  - To ensure that the Company operates at all times within applicable laws and regulations and ethical and moral standards;
  - To ensure that the performance of the Company is adequately reported to shareholders, other stakeholders and regulators on a timely and regular basis;
  - To ensure that the audited annual financial statements are reported fairly and in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India;
  - To ensure that any developments that have a significant and material impact on the Company are reported from time to time to the concerned authorities;
  - Not to involve in a situation which may have a direct or indirect interest that conflicts, or possibly may conflict with the interest of the Company;
  - Not to achieve or attempt to achieve any undue gain or advantage either to himself/herself or to his/her relatives, partners or associates and if such director is found guilty of making any undue gain, he/she shall be liable to pay an amount equal to that gain to the Company;
  - Not to assign his / her office and any assignment so made shall be void; and
  - To act in accordance with the laws and regulations of the country and the Memorandum and Articles of Association of the Company.
- In addition to the above responsibilities, the role of the Independent Directors shall also have the following key elements:
    - Strategy and Business Development: The Independent Director should constructively challenge and contribute to the overall strategy and to the business development initiatives of the Company by getting actively engaged with the Company in making introductions to potential clients in the key service areas of the Company;
    - Performance: The Independent Director should scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance; and

- Risk: The Independent Director should satisfy himself/herself that financial information is accurate and that financial controls and systems of risk management are robust and defensible.

#### **OTHER OBLIGATIONS AND COMPLIANCES**

The Independent Director will be required to execute/confirm with respect to the following documentation on a periodic basis:

- Confirmation that he/she is not disqualified to act as a Director of the Company in terms of the Companies Act, 2013.
- Declaration of Independence in terms of the Companies Act, 2013.
- Code of Conduct for Independent Directors as per Schedule IV of the Act.
- Disclosure of change in interest in companies where he/she is appointed / ceased as a Director or Key Managerial Personnel.
- Confirmation that his/her directorships in companies do not conflict with the interest of the Company.

#### **REMUNERATION**

- The aggregate remuneration to be paid to all the Independent and Non-Executive Directors would not exceed 1% of the total net profits of the Company during any Financial Year.
- The remuneration described above is the gross amount payable per financial year, which is subject to deductions of applicable taxes and any other deductions required, if any by any applicable laws. The Independent Director shall be responsible for the personal taxation.
- If the term comes to an end or due to resignation or termination; any amounts due shall be paid on a pro-rata basis.
- The Company has made provisions for Directors and Officers (D&O) insurance policy.

#### **OTHER DIRECTORSHIPS AND BUSINESS INTERESTS**

- The Company acknowledges that Independent Director may have business interests in other companies. In the event that he/she becomes aware of any potential conflicts of interests, these should be disclosed to the Executive Chairman and the Company Secretary as soon as they become apparent.
- During the appointment, he/she should consult with the Executive Chairman prior to accepting any such other (or further) directorships of Indian companies or any major external appointments which may affect his/her interest in the Company.

#### **CODE OF CONDUCT**

During the period of the appointment, the Independent Director will be bound by codes of conduct under the Act and the code of conduct applicable to the Company.

#### **CONFIDENTIALITY AND NON-DISCLOSURE**

- The Independent Director must apply the highest standards of confidentiality and not disclose to any person or company (whether during the course of the appointment or at any time after its termination) any confidential information concerning the Company and any group companies



with which he/she comes into contact by virtue of his/her position as an Independent Director of the Company.

- Any information concerning the Company's business, its customers, suppliers, etc. which is not in public domain and to which all employees do not have access, should be considered confidential for the purpose and should be held in confidence, unless authorised to do so and when disclosure is required as a requirement of law.
- The attention is drawn to the requirements under Indian regulations as to the disclosure of price sensitive information. The Independent Director shall not provide any information either formally or informally, to the press or any other publicity media without prior written clearance from the Chairman and Managing Director.
- The examples of confidential information are, but not limited to the following:
  - Business plan, annual operations plan
  - Performance against target
  - Costing, pricing, profitability, financial budget and related issues
  - Fees / stipend, evaluations, recommendations etc. related to any of the employees of the Company
  - Sales commission, third party commission and about reference agents
  - Details of past, present and future contracts and proposals
  - Information about suppliers and/or customers
  - Communication facilities and equipment
  - Proposed ventures and corporate plans
  - Technical marketing and financial strategies of the Company and/or its customers
  - Core competencies and activities of the Company and/or its customers
  - Any other information, which is likely to be crucial for the business operations
- On termination of the Appointment, the Independent Director will deliver to the Company all books, documents, papers, and other property of or relating to business of the company or any group company which are in their possession, custody or power by virtue of their position as an Independent Director of the Company. The Company will arrange the disposal of papers that he/she no longer requires.
- If there is a breach or threatened breach of the provisions of confidentiality, the Company shall be entitled to injunctive relief.

## **REVIEW PROCESS**

The performance of individual Directors and the Board and its committees are evaluated annually. The Independent Director shall make himself/herself available for carrying out the annual / periodic performance review. The Independent Director shall further confirm that he/she will extend his/her contribution to review of the Board of Directors individually as well as for its various committees on behalf of / as desired by the Board of Directors on an annual / periodic time frame.

The indicative criteria for evaluation of performance of the Independent Director are provided hereunder:

- Attendance and contribution at Board and Committee meetings.
- Appropriate mix of expertise, skills, behavior, experience, leadership qualities, sense of sobriety and understanding of business, strategic direction to align company's value and standards.
- Knowledge of finance, accounts, legal, investment, marketing, foreign exchange/ hedging, internal controls, risk management, assessment and mitigation, business operations, processes and corporate governance.
- Ability to create a performance culture that drives value creation and a high quality of debate with robust and probing discussions.
- Effective decision making ability.
- Ability to open channels of communication with executive management and other colleagues on Board to maintain high standards of integrity and probity.
- His/her global presence, rational, physical and mental fitness, broader thinking, vision on corporate social responsibility etc.
- His/her ability to monitor the performance of management and satisfy himself/herself with integrity of the financial controls and systems in place by ensuring right level of contact with external stakeholders.
- His/her contribution to enhance overall brand image of the Company.

*Note: These are general terms and conditions of appointment of Independent Directors and are subject to change.*