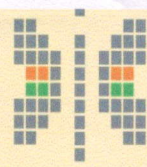




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SMART CITY LIMITED



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Special Purpose Vehicle for Implimentation of Smart City Project
(Registered Company No. CIN : U74999KA2017 PLC101265)

Dated: 04/01/2019

To
Shri. S. B. Shetty
Chartered Accountant
#39 Kartik, Ramakrishna Layout,
Shiroor Park, Vidyanagar, Hubballi,
Hubballi Eng College, Dharwad,
Karnataka-580031, India

Sub: Appointment as an Independent Director - Reg.

Dear Sir,

We are pleased to inform you that the shareholders of the Company at the first Annual General Meeting of the Company held on 31.12.2018, have passed resolution for your appointment as Non-Executive Independent Director on the Board of Directors of M/s. Hubballi-Dharwad Smart City Limited pursuant to the provisions stated under the Companies Act, 2013 (Act).

As per the requirements of the Act, the appointment is being formalized through this letter of appointment.

We look forward to your continued valued participation in the Board/Committees' deliberations and successful guidance to the Company.

Kindly acknowledge and do the needful.

Thanking you,

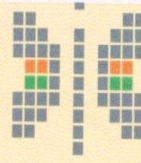
For M/s. Hubballi-Dharwad Smart City Limited

Ms. Hepsiba Rani Koralapati IAS
Managing Director
M/s. Hubballi-Dharwad Smart City Limited
F Block, 4th Floor, Survey No.121A,
Opposite to Indira Glass House,
IT Park, Hubballi,Dharwad- 580029



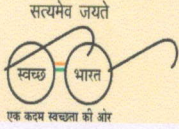
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SMART CITY LIMITED



Special Purpose Vehicle for Implimentation of Smart City Project
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This letter of appointment sets out the terms and conditions which are as follows:

1. Appointment

- a. Your term of appointment as Non-Executive Independent Director is for a term of five years on the Board of Directors of M/s. Hubballi-Dharwad Smart City Limited with effect from 31/12/2018 to 30/12/2023, unless terminated earlier or extended or otherwise, as per the provisions of this letter or applicable laws;
- b. As an Independent Director, you will not be liable to retire by rotation;
- c. The term Independent Director should be construed as defined under the Companies Act, 2013;
- d. Your appointment and term as an Independent Director shall be in consistence with the applicable provisions of the Companies Act, 2013;
- e. Re-appointment for the second term shall be based on recommendation of the Nomination & Remuneration Committee if any, and subject to approval of the Board and the Shareholders. Your re-appointment would be considered by the Board, based on the outcome of the performance evaluation process and your continuing to meet independence criteria.

2. Committees

- a. The Board of Directors (the Board) may, if it deems fit, invite you for being appointed on one or more existing Board Committees or any such Committee that is set up in the future; Your appointment on such Committee(s) will be subject to the applicable laws and regulations;
- b. You are expected to attend Board, Board Committees, to which you may be appointed and Shareholders' meetings and to devote such time to your duties as deemed appropriate for discharge of your duties effectively;
- c. Recommendations/Minutes of the Meetings of the Committees are submitted to the Board for approval;
- d. By accepting this appointment, you confirm that you are able to allocate sufficient time to meet the expectations from your role to the satisfaction of the Board.

3. Role and Duties

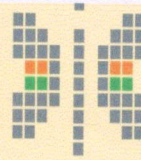
As a member of the board, your role, duties and responsibilities will be those normally required for a Non-Executive Independent Director under the Companies Act, 2013. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are as under:

- I. act in accordance with the Company's Articles of Association.
- II. 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 interest of the Company, and in the best interests of the Company, its employees, the shareholders, the community and for the protection of environment.



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SMART CITY LIMITED



Special Purpose Vehicle for Implimentation of Smart City Project
(Registered Company No. CIN : U74999KA2017 PLC101265)



- III. exercise your duties with due and reasonable care, skill and diligence.
- IV. not involve yourself in a situation in which you may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- V. not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners or associates.
- VI. not assign your office as Director and any assignments so made shall be void.

You shall also abide by the 'Code for Independent Directors' as outlined in Schedule IV to the Companies Act, 2013, and duties of directors as provided in the said Act. For your ready reference, the relevant provisions have been extracted and attached to this letter as **Annexure A**.

4. Directors & Officers (D&O) Insurance

Presently, the Company has no D&O liability insurance policy. However, if the Company takes such a policy, then a copy of the same will be supplied to you on request.

5. Code of Conduct & Disclosures and other compliances

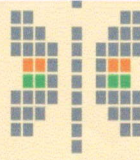
- a. During the appointment, you will comply with any relevant regulations as may be issued by the Government of India and such other authorized bodies as set up by the Government on its behalf, including the Code for Independent Directors, Code of Conduct and Ethics for Directors and Senior Executives and such other requirements as the Board of Directors may from time to time specify.
- b. You will apply the highest standards of confidentiality and not disclose to any person or company (whether during the course of the tenure as Independent Director or at any time after its cessation) any confidential information concerning the Company including any subsidiary or associate thereof if any with which you come into contact by virtue of your position as a Director, except as permitted by law or with prior clearance from the Chairman of the Board.
- c. Additionally, you shall not participate in any business activity which might impede the application of your independent judgment in the best interest of the Company.
- d. At the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect your status as an independent director, you shall give a declaration to that effect confirming that you meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.
- e. During the term, you agree to promptly notify the Company of any change in your Directorships and provide such other disclosures and information as



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Special Purpose Vehicle for Implimentation of Smart City Project
(Registered Company No. CIN : U74999KA2017 PLC101265)

may be required under the applicable laws. You also agree that upon becoming aware of any potential conflict of interest with your position as Independent Director of the Company, you shall promptly disclose the same to the Company.

6. Conflict of Interest

- It is accepted and acknowledged that you may have business interests 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.
- 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 Board.
- You shall disclose material interest that in any transaction or arrangement that the Company has entered into. Such interest 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.

7. Fees/Remuneration

You will be paid such remuneration by way of sitting fees for attending the meetings of the Board and the Committees as may be decided by the Board from time to time, subject to approval of the shareholders, if required and subject to provisions of the Companies Act 2013. Further, the Company may pay or reimburse to you such fair and reasonable expenditure, as may have been incurred by you while performing your role as an Independent Director of the Company, as may be decided by the Board from time to time.

8. Evaluation

As a member of the Board, your performance shall be evaluated annually. Evaluation shall be done by all the other Directors. The criteria for evaluation shall be determined by the Nomination & Remuneration Committee if any and disclosed in the Company's Annual Report. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board/Committee..

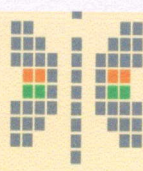
9. Separate meetings

All the independent directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management in accordance with provisions of Companies Act 2013.



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Special Purpose Vehicle for Implimentation of Smart City Project
(Registered Company No. CIN : U74999KA2017 PLC101265)

Annexure A

SCHEDULE IV TO THE COMPANIES ACT, 2013

[See section 149(8)]

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment 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.

I. Guidelines of professional conduct:

An independent director shall:

- 1) Uphold ethical standards of integrity and probity;
- 2) Act objectively and constructively while exercising his duties;
- 3) Exercise his responsibilities in a bona fide manner in the interest of the company;
- 4) Devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- 5) 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;
- 6) 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;
- 7) Refrain from any action that would lead to loss of his independence;
- 8) Where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- 9) Assist the company in implementing the best corporate governance practices.

II. Role and functions:

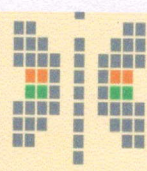
The independent directors shall:

1. 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;



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एक कदम स्वच्छता की ओर

Special Purpose Vehicle for Implimentation of Smart City Project
(Registered Company No. CIN : U74999KA2017 PLC101265)

2. Bring an objective view in the evaluation of the performance of board and management;
3. Scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
4. Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
5. Safeguard the interests of all stakeholders, particularly the minority shareholders;
6. Balance the conflicting interest of the stakeholders;
7. 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;
8. Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties :

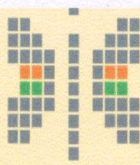
The independent directors shall—

1. Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
2. 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;
3. Strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
4. Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
5. Strive to attend the general meetings of the company;
6. 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;
7. Keep themselves well informed about the company and the external environment in which it operates;



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एक कदम स्वच्छता की ओर

Special Purpose Vehicle for Implimentation of Smart City Project
(Registered Company No. CIN : U74999KA2017 PLC101265)

8. Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
9. 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;
10. 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;
11. Report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
12. "Act within their authority", assist in protecting the legitimate interests of the company, shareholders and its employees;
13. 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.

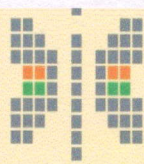
IV. Manner of appointment:

- 1) Appointment process of independent directors shall be independent of the company management; 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.
- 2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- 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 fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- 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;



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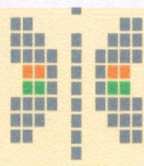
Special Purpose Vehicle for Implimentation of Smart City Project
(Registered Company No. CIN : U74999KA2017 PLC101265)

- 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.
- 2) 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.
 - 3) The terms and conditions of appointment of independent directors shall also be posted on the company's website.
- V. Re-appointment:
The re-appointment of independent director shall be on the basis of report of performance evaluation.
- VI. Resignation or removal:
- (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 Act.
 - (2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within three months from the date of such resignation or removal, as the case may be.
 - (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 may be, the requirement of replacement by a new independent director shall not apply.
- VII. Separate meetings:
- 1) The independent directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management;



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SMART CITY LIMITED



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एक कदम स्वच्छता की ओर

Special Purpose Vehicle for Implimentation of Smart City Project
(Registered Company No. CIN : U74999KA2017 PLC101265)

- 2) All the independent directors of the company shall strive to be present at such meeting;
- 3) The meeting 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 their duties.

VIII. Evaluation mechanism:

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) 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.

Note: The provisions of sub-paragraph (2) and (7) of paragraph II, paragraph IV, paragraph V, clauses (a) and (b) of sub-paragraph (3) of paragraph VII and paragraph VIII shall not apply in the case of a Government company as defined under clause (45) of section 2 of the Companies Act,2013 (18 of 2013), if the requirements in respect of matters specified in these paragraphs are specified by the concerned Ministries or Departments of the Central Government or as the case may be, the State Government and such requirements are complied with by the Government companies.