

**December 24, 2020**

Dear Ms. Ketaki R. Shah,

Sub : **Appointment as an Independent Director under the Companies Act, 2013**

We are pleased to inform you that upon the recommendation of the Nomination and Remuneration Committee, approval of the Board of Directors of Hubtown Limited (the Company), the shareholders of the Company have, at the Thirty Second Annual General Meeting held on Thursday, December 24, 2020, approved your appointment as an Independent Director on the Board of the Company pursuant to the provisions of the Companies Act, 2013 and Regulations 17, 17A and 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the SEBI Listing Regulations).

This letter sets out the terms of your appointment as an Independent Director. Your relationship with the Company will be that of a contract for service and not a contract of employment in the Company.

The terms of your appointment, as set out in this letter, are subject to the extant provisions of the (i) applicable laws, including Companies Act, 2013 and the SEBI Listing Regulations (as amended from time to time; and (ii) the Articles of Association of the Company ('AOA'). Your appointment is also subject to the maximum permissible Directorships that one can hold as per the provisions of the Companies Act, 2013 and the SEBI Listing Regulations.

**1. Appointment**

1.1 Your appointment will be for an initial term of five years from September 15, 2020 upto September 14, 2025 unless terminated earlier or extended, as per the provisions of this letter or applicable laws ('Term').

The disengagement earlier than five years will be in accordance with the provisions of the Companies Act, 2013 or on mutually agreed terms.

As an Independent Director, you will not be liable to retire by rotation.

1.2 The term 'Independent Director' should be construed as defined under the Companies Act, 2013 and the SEBI Listing Regulations.

1.3 The provisions contained in the Companies Act, 2013 and the SEBI Listing Regulations will apply as regards performance evaluation of the Independent Directors is concerned. The Independent Directors shall be evaluated by the entire Board, 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 your appointment as an Independent Director.

**2. Committees**

The Board may if it deems fit, invite you for being appointed on one or more existing Committees of the Board or any such Committee that maybe constituted in the future.

**3. Duties and Liabilities**

The laws that currently govern the duties and liabilities of an Independent Director are the Companies Act, 2013 (including the Rules thereunder) and the SEBI Listing Regulations. You shall abide by the Code for Independent Directors as outlined in Schedule IV to Section 149 (8) of the Act [Annexure – I] and duties of directors as provided in Section 166 of the Act [Annexure – II] and in Regulation 4 (2) (f) of the SEBI Listing Regulations. [Annexure – III].



#### 4. Time Commitment

As a Non-Executive Independent Director, you are expected to bring objectivity and independence of view to the Boards' discussions and to 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 generally meets four times a year. The Audit Committee generally meets four times a year. Besides, there are other Committee meetings like Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee and Risk Management Committee., which are convened as per requirement. You will be expected to attend meetings of the Board and Board Committees to which you may be appointed and General Meetings of shareholders and to devote such time to your duties as appropriate for you to discharge your duties.

#### 5. Remuneration

5.1 As an Independent Director, you shall be paid sitting fees for attending the meetings of the Board and the Committees of which you are a member as fixed by the Board from time to time.

The sitting fees presently paid to Non-executive Independent Director is as follows :

- Board - Rs. 40,000 per meeting
- Committee – Rs. 30,000 per meeting

In addition to the sitting fees, profit related commission may also be payable to you not exceeding 1 % of the net profit of the Company subject to an overall ceiling of Rs.40 lakh for all the Non-Executive Directors taken together, as approved by the members of the Company.

5.2 In addition to the remuneration outlined hereinabove, the Company will during the term of your appointment, reimburse you for travel, hotel and other incidental expenses incurred by you in the performance of your role and duties as an Independent Director.

#### 6. Independent Professional Advice

There may be occasions when you may need professional advice in furtherance of your duties as a Director and it will be appropriate for you to consult independent advisors at Company's expense. The Company will reimburse full cost of expenditure incurred in accordance with the Company's policy.

#### 7. Insurance

The Company will take an appropriate Directors' and Officers' Liability insurance policy and pay the premiums for the same. It is intended to maintain such insurance cover for the entire Term of your appointment, subject to the terms of such policy in force from time to time. A copy of the policy document will be supplied on request.

#### 8. Conflict of Interest

8.1 It is accepted and acknowledged that you may have business interests other than of the Company. As a condition to your appointment, 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.

8.2 In the event that your circumstances seem likely to change and might give rise to conflict of interest or, when applicable circumstances that might lead the Board to revise its judgement that you are independent, this should be disclosed to the Company Secretary



## 9. Code of Conduct

As an Independent Director, you agree to comply with Hubtown Code of Business Conduct and Ethics for Directors and Senior Management.

Unless specifically authorised by the Company, you shall not disclose company and business information to the public constituencies such as the media, the financial community, employees, shareholders, and other stakeholders.

Your obligation of confidentiality shall survive termination or cessation of your directorship with the Company.

We would also like to draw your attention to the applicability of both, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, and the Hubtown Code of Conduct for Prevention of Insider Trading, which prohibits disclosure or use of undisclosed price sensitive information.

Additionally, you shall not participate in any business activity which might impede the application of your independent judgement in the best interest of the Company.

## 10. Induction and development

The Company will, if required, conduct formal induction program for its Independent Directors which may include all or any of the following:

- i. Board roles and responsibilities;
- ii. Company's vision, strategic direction, core values, and corporate governance practices;
- iii. Familiarization with financial matters, management team and business operations;
- iv. Meetings with stakeholders and senior and middle management.

The Company shall, as may be required, support Directors to continually update their skills and knowledge and improve their familiarity with the Company and its business.

## 11. Performance Evaluation / Evaluation Process

As a member of the Board, your performance as well as the performance of the entire Board and its Committee shall be evaluated annually. Evaluation of each director shall be done by all other directors. The criteria for evaluation shall be determined by the Nominations and Remuneration Committee and disclosed in the Annual Report. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board/Committee. An indicative list of factors that may be evaluated as a part of this exercise are as hereunder :

- o Participation and contribution by a director;
- o Commitment (including guidance provided to senior management outside of Board/Committee meetings);
- o Effective deployment of knowledge and expertise;
- o Effective management of relationship with stakeholders;
- o Integrity and maintenance of confidentiality;
- o Independence of behavior and judgement; and
- o Impact and influence

## 12. Disclosures, other directorships, and business interests

During the Term, you are required to give a declaration in the prescribed format [Annexure – IV] that you meet the criteria of 'independence' in every financial year as provided in Section 149 (7) of the Act.

You agree to promptly notify the Company of any change in your directorships and provide such other disclosures and information as may be required under the applicable laws. You also agree that on becoming aware of any potential conflict of interest with your position as an Independent Director, you shall promptly disclose the same to the Chairman or the Company Secretary. Please confirm that as on the date of this Letter, you have no such conflict of interest issues with your existing directorships.



**13. Confidentiality**

All information to which you may access during your tenure shall be kept confidential and shall not be disclosed to third parties either during your tenure or on cessation thereof without prior clearance from either the Chairman or the Managing Director unless required by law or by the rules of any stock exchange or regulatory body. On reasonable request, you shall surrender any documents and other materials made available to you by the Company.

**14. Publication of the Letter of Appointment**

Pursuant to the provisions of sub-clause 6 of Clause IV of Schedule IV to the Companies Act, 2013, the terms and conditions of your appointment as an Independent Director will be uploaded on the Company's website.

**15. Membership of Other Boards**

It is expected that you will not serve on the Board of competing companies.

**16. Termination**

16.1 Your Directorship on the Board of the Company shall terminate or cease in accordance with law.

16.2 You may resign from the directorship of the Company by giving a notice in writing to the Company. The resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified by you in the notice, whichever is later. You may if you so desire, also file a copy of your resignation letter with the Registrar of Companies, Mumbai.

16.3 If at any stage during your Term, there is any change that may affect your status as an Independent Director as envisaged in Section 149 (6) of the Act, or, if applicable, if you fail to meet the criteria for 'independence' under the provisions of Regulation 16 (1) (b) of the SEBI Listing Regulations or on occurrence of any event as defined in Section 167 of the Act, you will promptly submit your resignation to the Company with effect from the date of such change. Upon termination or upon your resignation for any reason, duly intimated to the Company, you will not be entitled to any compensation for loss of office.

**17. Co-operation**

In the event of any claim or litigation against the Company based upon any alleged conduct, act or omission, on your part during your Term, you agree to render all reasonable assistance and co-operation to the Company and provide such information and documents as are necessary and reasonable requested by the Company or its counsel.

**18. Miscellaneous**

- This letter represents the entire understanding, and constitutes the whole agreement in relation to your appointment and without prejudice to the generality of the foregoing, excludes any warranty, condition or other undertaking implied at law or by custom.
- No waiver of modification of this letter shall be valid unless made in writing and signed by you and the Company.

**19. Governing Law**

This Letter and any non-contractual obligations arising out of or in connection with this Letter are governed by and shall be interpreted in accordance with the laws of India and shall be subject to the exclusive jurisdiction of the Courts of India.



**17. Acceptance of Appointment**

We are confident that the Board and the Company will immensely benefit from your mature advice and guidance and we are eager to have you as an integral part of the growth of our Company. If these terms of appointment are acceptable to you, please confirm your acceptance by signing and returning to us the enclosed copy of this letter.

We thank you for your support and commitment to the Company.

Yours sincerely,  
For Hubtown Limited


  
Vyomesh M. Shah  
Managing Director  
[DIN : 00009596]



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**AGREE AND ACCEPT**

I have read and understood the terms of my appointment as an Independent Director of the Company and I hereby affirm my acceptance to the same.

  
Signature

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Name : Ketaki R. Shah  
Independent Director  
[DIN : 08865092]

Date : December 24, 2020 Place : Mumbai

**SCHEDULE IV**  
**[Section 149(8)]**  
**CODE FOR INDEPENDENT DIRECTORS**

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;
- (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;
- (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) <sup>1</sup>["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;
  - (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) 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.
- (6) 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 <sup>2</sup>["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 <sup>3</sup>["in a financial year"], without the attendance of non-independent directors and members of management;
- (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.





**Duties of Directors  
(Section 166 of Companies Act, 2013)**

- (1) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.
- (2) A director of a company 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, its employees, the shareholders, the community and for the protection of environment.
- (3) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (4) A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- (5) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- (6) A director of a company shall not assign his office and any assignment so made shall be void.
- (7) If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.



## Responsibilities of the Board of Directors

### (Pursuant to Regulation 4 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015)

The board of directors of the listed entity shall have the following responsibilities:

#### (i) Disclosure of information:

- (1) Members of board of directors and key managerial personnel shall disclose to the board of directors whether they, directly, indirectly, or on behalf of third parties, have a material interest in any transaction or matter directly affecting the listed entity.
- (2) The board of directors and senior management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.

#### (ii) Key functions of the board of directors-

- (1) Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.
- (2) Monitoring the effectiveness of the listed entity's governance practices and making changes as needed.
- (3) Selecting, compensating, monitoring and, when necessary, replacing key managerial personnel and overseeing succession planning.
- (4) Aligning key managerial personnel and remuneration of board of directors with the longer term interests of the listed entity and its shareholders.
- (5) Ensuring a transparent nomination process to the board of directors with the diversity of thought, experience, knowledge, perspective and gender in the board of directors.
- (6) Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.
- (7) Ensuring the integrity of the listed entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
- (8) Overseeing the process of disclosure and communications.
- (9) Monitoring and reviewing board of director's evaluation framework.

#### (iii) Other responsibilities:

- (1) The board of directors shall provide strategic guidance to the listed entity, ensure effective monitoring of the management and shall be accountable to the listed entity and the shareholders.
- (2) The board of directors shall set a corporate culture and the values by which executives throughout a group shall behave.
- (3) Members of the board of directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the listed entity and the shareholders.
- (4) The board of directors shall encourage continuing directors training to ensure that the members of board of directors are kept up to date.
- (5) Where decisions of the board of directors may affect different shareholder groups differently, the board of directors shall treat all shareholders fairly.
- (6) The board of directors shall maintain high ethical standards and shall take into account the interests of stakeholders.
- (7) The board of directors shall exercise objective independent judgement on corporate affairs.



(8) The board of directors shall consider assigning a sufficient number of non-executive members of the board of directors capable of exercising independent judgement to tasks where there is a potential for conflict of interest.

(9) The board of directors shall ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the listed entity to excessive risk.

(10) The board of directors shall have ability to 'step back' to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the listed entity's focus.

(11) When committees of the board of directors are established, their mandate, composition and working procedures shall be well defined and disclosed by the board of directors.

(12) Members of the board of directors shall be able to commit themselves effectively to their responsibilities.

(13) In order to fulfil their responsibilities, members of the board of directors shall have access to accurate, relevant and timely information.

(14) The board of directors and senior management shall facilitate the independent directors to perform their role effectively as a member of the board of directors and also a member of a committee of board of directors.



(Date)

To  
The Board of Directors  
(name & address of the Company)

Dear Sir,

**Sub : Declaration under Section 149 (6) of the Companies Act, 2013**

I, (director name), aged (--) years, residing at (residential address of director) hereby confirm in terms of sub-section (7) of Section 149 of the Companies Act, 2013 ('the Act') that I meet with the criteria of independence as stipulated in sub-section (6) of Section 149 of the Act and clause (b) of sub-regulation (1) of Regulations, 2015 which are reproduced below, for my appointment as an Independent Director on the Board of your esteemed company:

- a. I am a person of integrity and possess relevant experience and expertise;
- b.
  - i. I am or was not a promoter of the Company or its holding, subsidiary or associate company; and
  - ii. I am not related to promoters or directors in the Company, its holding, subsidiary or associate company;
- c. I do not have or had no pecuniary relationship with the Company, its holding, subsidiary or associate company or their promoters, or directors during the two immediately preceding financial years or during the current financial year;
- d. None of my relatives has or had any pecuniary relationship or transaction with the Company, its holding, subsidiary or associate company or their promoters or directors amounting to two % or more of its gross turnover or total income or INR 5 million or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year ;
- e. Neither I nor any of my relatives-
  - i. hold or has held the position of a key managerial personnel or is or has been an employee of the Company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the current financial year;
  - ii. is or has been an employee or proprietor or a partner in any of the three financial years immediately preceding the current financial year of :
    - A. a firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate company; or
    - B. any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to ten percent or more of gross turnover of such firm;



- iii. holds two % or more of the total voting rights in the Company either by myself or together with my relatives; and
- iv. I am not a Chief Executive or director by whatever name called of any non-profit organization, which receives twenty-five % or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate company or from anyone who holds two % or more of the total voting power of the Company;
- v. Is a material supplier, service provider or customer or a lessor or lessee of the Company;
- f. I am not a non-independent director of another company on the board of which any non-independent director of the Company is an independent director.

I am not aware of circumstance or situation, which exists or may be reasonable anticipated, that could impair or impact my ability to discharge my duties with an objective independent judgement and without any external influence.

You are requested to kindly place this certificate at the forthcoming Board Meeting of the Company.

Thanking you,

Yours faithfully,

(Name of Director)  
DIRECTOR  
DIN : (DIN Number)

