

CALLISTA INDUSTRIES LIMITED

(FORMERLY KNOWN AS CHPL INDUSTRIES LIMITED)

POLICY ON FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS, ROLE, RESPONSIBILITY AND RIGHTS OF INDEPENDENT DIRECTORS

1. INTRODUCTION

Section 149 of the Companies Act, 2013 every listed Company is required to appoint Independent Directors. Independent Directors constitute such category of Directors who are expected to have impartial and objective judgement for the proper functioning of the Company. Independent Directors play an important role in maintaining a transparent working environment in corporate regime.

2. PROCESS OF FAMILIARISATION WITH THE COMPANY

An important aspect of board effectiveness is the appropriate attention to development and training of non-executive directors on the lines of management development and training. The company sees director induction as a first step of the board's continuing improvement. It is the company's firm belief that investment in board development strengthens the board as well as the individual directors. Directors are regularly updated on changes in policies and programmes, laws and the general business environment.

The company ensures that non-executive directors are familiarized with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates and the business model of the company, through various programmes and at regular intervals.

At the time of induction and subsequently on a sustained and regular basis, the independent directors are provided an overview of:

- Introduction, company history and genesis;
- Overview of company operations comprising details of the company's service business units and business model, clientele and functional service offerings;
- Key financial highlights;
- Details of the group (comprising the subsidiaries, joint ventures and associate companies);
- Board of directors and committees of the board, their operations, charter and functioning;
- Key management personnel details;
- Highlights of the HR, Quality and Innovation functions;
- Corporate governance practices, processes and procedures, including board and committee functioning;
- Corporate social responsibility initiatives;
- Business responsibility initiatives of the company;

In addition, all regulatory and statutory changes that occur are also periodically brought to the notice of the non-executive directors.

All non-executive directors also get to interact with the senior management of the company. Managing Director, Whole Time Directors, the heads of the service business

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units, HR, Quality, Innovation and Finance interact with the non-executive directors. Besides, they also have a walkthrough of the company's business.

3. ROLE OF INDEPENDENT DIRECTORS

The role of the Independent Directors is:

- To help in bringing an Independent Judgement to bear on Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
- To bring an objective view in evaluation of the performance of board and management.
- To scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
- To satisfy themselves on the integrity of financial information and that the financial controls and the systems of risk management are robust and defensible.
- To safeguard the interest of all the shareholders of the Company.
- To balance the conflicting interest of the shareholders and management.
- To play important role in appointment, removal and determination of appropriate remuneration of executive/whole-time/managing directors, key managerial personnel and senior management personnel.
- Determine appropriate levels of remuneration 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;
- To ensure the effectiveness of the Board as the oversight body to oversee what the management does.
- To identify the most critical issues for the board to deal with.
- To assist the board in achieving consensus on important issues.
- To play the role of a facilitator outside the board room especially on contentious issues.
- To work with CFO/Managing Director/Whole-time Director to prioritise issues, set the agenda and enable it to focus on substantive issues.
- To ensure that board conversations do not veer in the direction of certain unwanted topics/individual preferences.
- To provide candid feedback to CFO/Managing Director/Whole-time Director.
- To assist the company in implementing the best corporate governance practices

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4. RESPONSIBILITIES OF INDEPENDENT DIRECTORS

The responsibility of the Independent Directors is:

- To undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company.
- To seek appropriate clarification or amplification of important and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company.
- To strive to attend all meetings of the Board of Directors and Board Committees of which he is a member/chairman and participate constructively and actively in the committees of the Board.
- To strive to attend the General Meetings of the Company.
- Where they have concerns about the running of the Company or proposed action, ensure that those are addressed by the Board/Committee.
- To pay sufficient attention and ensure adequate deliberations are held before approving the related party transactions and ensure that same are in the interest of the Company.
- To ascertain and ensure that the Company has an adequate functional vigil mechanism and to ensure that the interest of person who uses such mechanism is not prejudicially affected on account of such use.
- To report concerns about unethical behaviour, actual or suspected fraud, violation of company's code, ethics and policies.
- To act within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- Not to disclose the confidential information including commercial secrets, technologies, advertising and sales promotion plans and unpublished price sensitive information to any third party unless such disclosure is expressly approved by Board or required by law and should not use such information for personal benefit.
- To keep themselves well informed about the company and the external environment in which it operates;

5. RIGHTS OF INDEPENDENT DIRECTORS

- Right to receive the notice and agenda papers of the Board Meetings and Committee Meetings in which he is member/chairman.
- Right to attend and vote in the Board Meetings and Committee Meetings in which he is a member/chairman.
- Right to be appointed on various committees.
- Right to demand information on every business matter.
- Right to seek clarification/justification.
- Right to dissent.
- Right to meet the CFO/Managing Director/Whole-time Director and financial heads of the Company to seek financial information to give his consent/approval.
- Right to summon CFO/Managing Director/Whole-time Director and financial heads to the Board Meetings and Committee Meetings in which he is a member

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to understand on the financial transactions/contract before giving their consent/approval.

6. REVIEW OF THIS POLICY

The Board shall review this Policy, as appropriate, to ensure the effectiveness of this Policy.

7. Disclosures

The Board's composition (including gender, ethnicity, age etc.) will be disclosed in the Annual Report.

Policy disclosure at the website of the company at <https://callistaindustries.com/>
