

CODE OF CONDUCT FOR BOARD
MEMBERS & SENIOR
MANAGEMENT PERSONNEL

(Amended w.e.f. 1st April, 2019)

Mystic Electronics Limited

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Mystic Electronics Limited

Code of Conduct for Directors and Senior Managerial Personnel

1. INTRODUCTION

Mystic Electronics Limited (hereinafter referred to as the 'Company' or 'MEL') believes and continuously endeavour to achieve good governance through timely disclosures, transparency, accountability and responsibility in all our dealings with the employees, shareholders, clients and community at large.

The Company's Code of Conduct ensures compliance with the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable SEBI Regulations, as amended from time to time. Accordingly, the Board of Directors of the Company have adopted this Code of Conduct which is applicable to the Directors on the Board of the Company and Senior Managerial Personnel.

The Code of Conduct details as following:

- Guidance on ethical standards of conduct on various matters including conflict of interest, acceptance of positions of responsibilities, treatment of business opportunities etc.;
- Responsibility of Directors to comply with the Insider Trading Regulations and applicable laws; and
- Annual affirmations to the Code of Conduct by Directors and Senior Managerial Personnel.

2. OBJECTIVE:

The Board of Directors (the "Board") and the Senior Managerial Personnel of the Company have, pursuant to the mandatory requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), as amended from time to time have adopted this Code.

The Companies Act, 2013 (hereinafter referred to as "the Act") which has become effective from April 01, 2014, inter-alia, mandates that the Company and its Independent Directors shall abide by the provisions specified in Schedule IV thereto. Schedule IV to the Act, inter-alia, lays down a code for Independent Directors. It also lays down the role and functions of the Independent Directors apart from incorporating their duties.

The Listing Regulations also specifies that the Board shall lay down a Code of Conduct which shall apply to all its Directors and the Senior Managerial Personnel. The Code of Conduct shall suitably incorporate the duties of Independent Directors as laid down in the Companies Act, 2013.

All Board Members and Senior Management Personnel shall affirm compliance with the Code on an annual basis and the Annual Report of the Company should contain a declaration to this effect duly signed by the Chief Executive Officer (CEO)/Managing Director (MD) of the Company.

3. EFFECTIVE DATE OF THE CODE:

The Board of Directors of the Company have, at their Meeting held on March 29, 2019 decided to further amend the Code of Conduct to incorporate the requirements of the Act and the Listing Regulations. This Code of Conduct will supersede the provisions of the earlier Code adopted by the Board and shall apply to all the Directors and Senior Managerial Personnel.

4. DEFINITION:

The definitions of some of the key terms used in the Code are given below:

- **“Company”** means Mystic Electronics Limited or referred to as “Mystic”.
- **“Director”** means person appointed as Director on the Board of the Company.
- **“Senior Management” or “Senior Managerial Personnel”** means officers/personnel of the Company who are members of its core management team excluding Board of Directors and normally this shall comprise all members of management one level below the Chief Executive Officer / Managing Director / Whole-time Director / Manager (including Chief Executive Officer / Manager, in case they are not part of the Board) and shall specifically include Company Secretary and Chief Financial Officer.

Words and expressions used and not defined in this Code shall have the same meaning assigned to them in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or the Companies Act, 2013 and the rules and regulations made thereunder, to the extent relevant in connection with this Code, as the case may be or in any amendment thereto. Where any stipulation is common between the applicable Laws, more stringent of them shall be complied with.

5. STANDARDS OF CONDUCT:

The Directors and Senior Managerial Personnel shall conduct the Company’s business in an efficient and transparent manner in meeting its obligations towards the shareholders and other stakeholders. The Directors and Senior Managerial Personnel shall not be involved in any activity that would have any adverse effect on the objectives of the Company or against national interest. The following elucidates the Company’s position on the manner of conduct of the Company’s businesses:

A. HONEST & ETHICAL CONDUCT

- The Directors and Senior Managerial Personnel shall act honestly, fairly, ethically with loyalty and conduct themselves in a professional, courteous and respectful manner.
- Independent Director shall also abide with the provisions of the "Code for Independent Directors" as provided in Schedule IV of the Companies Act, 2013 annexed herewith as **Annexure I**.
- The Directors and Senior Managerial Personnel shall act in the best interest of the Company and in a manner to enhance and maintain the reputation of the Company and fulfil their fiduciary duties to the stakeholders of the Company.

- The Directors and Senior Managerial Personnel are expected to act in good faith, with responsibility, due care, competence, diligence and independence.
- The Directors and Senior Managerial Personnel should treat their colleagues and other associates of the Company with dignity and shall not misbehave with any of them.

B. CONFIDENTIALITY OF INFORMATION:

Every Director and Senior Managerial Personnel has to secure, preserve, safeguard and use modestly, confidential information in the best interest of the Company. He/ She should not divulge or communicate such information to third parties except when authorized for the business reasons.

C. CONFLICT OF INTEREST:

Directors/Senior Management personnel shall not engage in any business, relationship or activity, which may be in conflict with the interests of the Company. Set forth are some of the common circumstances that may lead to a conflict of interest, actual or potential:

- The Directors and Senior Managerial Personnel should avoid any relationship, influence or activity that may impair the ability to make objective and fair decisions.
- The Directors and Senior Managerial Personnel should avoid the acceptance or continuation of any position of influence or of pecuniary interest, directly or indirectly, in any other organization or indulge themselves in a business, without prior approval of the Board/Committee; during their tenure with the Company.
- The Directors and Senior Managerial Personnel are responsible for effective control and appropriate use of the Company's resources entrusted to them in the official discharge of their duty.

D. COMPLIANCE:

The Directors and Senior Managerial Personnel are expected to comply with applicable laws, rules and regulations to the Company and applicable policies and procedures adopted by the Company, both in letter and spirit.

E. INSIDER TRADING AND FRAUDULENT & UNFAIR PRACTICES IN THE SECURITIES MARKET:

The Directors and Senior Managerial Personnel and their immediate relatives shall not derive any benefit from the access to and possession of unpublished price sensitive information about the Company, which is not in public domain and thus constitutes insider information. They shall also ensure compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and other regulations as may become applicable to them from time to time in addition to the Company's Insider Trading Code.

The Company also prohibits its Directors and Senior Managerial Personnel in undertaking any fraudulent or unfair trade practice in connection with the securities of the Company.

F. FINANCIAL REPORTING AND DISCLOSURES:

The Directors and Senior Managerial Personnel shall ensure that the financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

G. EQUITY:

All attempts should be made to maintain equity and fair justice while dealing on behalf of the Company. The Directors and Senior Management personnel shall be committed to provide a work environment free from unlawful discrimination, harassment and intimidations of any nature.

Any kind of harassment and discrimination based on gender, religion, age, sex, national origin and other such characteristics shall be strictly prohibited. They shall strive for maintaining a safe workplace by following safety and health rules and practices.

H. SAFEGUARDING COMPANY'S ASSETS:

The use of Company's assets for illegal or non-ethical business purposes shall be strictly prohibited. Protecting the Company's assets regardless of whether the same is tangible or intangible is the responsibility of each Director/Senior Management Personnel.

I. TEAM WORK AND SPIRIT:

The principles of mutual trust, teamwork and spirit shall be appreciated and maintained. Best efforts shall be made to contribute to an environment that builds confidence and empowers people through personal and professional growth. They shall attempt that the teams grow together through collaborative working, skills development, knowledge sharing and learning from each other. Employees being invaluable assets shall be motivated to achieve higher goals.

J. GIFT & DONATIONS:

No Director and Senior Management Personnel of the Company shall receive or offer, directly or indirectly, any gifts, donations, remuneration, hospitality, illegal payments and comparable benefits which are intended to obtain business favors. Subject to this clause, nominal gifts of commemorative nature, for special events/ achievements or in the course of social relations and normal business courtesies may be accepted/ given.

K. CONSUMER/INVESTOR FOCUS:

The Directors/Senior Management personnel shall focus on customer/ investor satisfaction. They shall ensure that the communications given are accurate and truthful and do not deliberately omit important facts or shall not be of misleading nature.

6. DUTIES OF DIRECTORS:

Without limiting the generality of the duties stated in the Companies Act, 2013, the Listing Regulations, SEBI (Prohibition of Insider Trading) Regulations, 2015 and other applicable laws, the duties of a director in terms with Section 166 of the Companies Act, 2013 are as under:

- 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/she shall be liable to pay an amount equal to that gain to the company.
- 6) A director of a company shall not assign his/ her 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.

Above mentioned duties shall be read in context of any amendment or clarification in the above referred section.

A guide to professional conduct for Independent Directors is separately specified under the Companies Act, 2013, in Schedule IV - "Code for Independent Directors", which lays down the guidelines of professional conduct for Independent Directors, their role & duties, alongwith appointment/reappointment process, evaluation mechanism and requirement for separate meetings of Independent Directors, which is appended as '**Annexure I**' to this Code.

7. AFFIRMATION OF COMPLIANCE WITH THE CODE:

It terms of Listing Regulations, all the Board Members and the Senior Management Personnel shall affirm compliance with this Code within 30 days from the close of every financial year in the proforma enclosed as '**Appendix I**' to this Code. New Directors/ Senior Management Personnel will sign such a deed at the time of joining in the proforma enclosed as '**Appendix II**'.

8. REPORTING:

The Director or Senior Management Personnel who becomes aware of any existing or potential violation of this Code, is required to notify the Chairman of the Company's Audit Committee promptly. Failure to do so is itself a violation of this Code. To encourage reporting of violations, the Company will not retaliate or permit retaliation for reports made in good faith.

9. AMENDMENT:

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant government authorities, not being consistent with the provisions laid down under this Code, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Code shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

ANNEXURE I

Schedule IV/ Section 149(8) of the Companies Act, 2013

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) acting within his 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 within 3 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 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.

APPENDIX-I
MYSTIC ELECTRONICS LIMITED
CODE OF CONDUCT
FOR
BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL
ANNUAL COMPLIANCE REPORT*

I _____(Name, Designation) do hereby solemnly affirm to the best of my knowledge and belief that I have fully complied with the provisions of the **Code of Conduct for Board Members and Senior Management Personnel** during the financial year ending 31st March, _____.

Signature:

Name:

Designation:

Date:

Place:

*** To be submitted by 30th April each year.**

APPENDIX-II
MYSTIC ELECTRONICS LIMITED
CODE OF CONDUCT
FOR
BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL

ACKNOWLEDGEMENT FORM

I _____ (Name, Designation) have received and read the Company's "Code of Conduct for Board Members and Senior Management Personnel (the Code)". I have understood the provisions and policies contained in this Code and I agree to comply with this Code.

Signature:

Name:

Designation:

Date:

Place: