

NOMINATION AND REMUNERATION POLICY

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

Mystic Electronics Limited

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MYSTIC ELECTRONICS LIMITED

NOMINATION AND REMUNERATION POLICY

1. INTRODUCTION

This policy on Nomination and Remuneration of Directors, Key Managerial Personnel ("KMP"), Senior Management Personnel ("SMP") and other employees has been formulated in terms of the provisions of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time, in order to pay equitable remuneration to Directors, KMP, SMP and other employees of the Company.

2. OBJECTIVE:

The Policy sets out the guiding principles on:

- i. Appointment and remuneration of the Directors, KMP and SMP;
- ii. Determining qualifications, positive attributes and independence for appointment of a Director (Executive/Non-Executive/Independent) and recommend to the Board a policy relating to the remuneration for the Directors, KMP and SMP;
- iii. Formulating the criteria for performance evaluation of all Directors;
- iv. Board diversity.

3. EFFECTIVE DATE OF THE POLICY:

On recommendation of the Nomination and Remuneration Committee, the Board had approved the revised Policy at their respective Meeting held on 29th March, 2019 to incorporate the requirements of the Act and the Listing Regulations. This revised Policy shall come into effect from 1st April, 2019. This Policy will supersede the provisions of the earlier Policy adopted by the Board.

4. DEFINITION:

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

- a) "**Act**" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- b) "**Board**" means Board of Directors of the Company.
- c) "**Company**" means Mystic Electronics Limited or referred to as "Mystic".
- d) "**Director**" means person appointed as Director on the Board of the Company.
- e) "**Independent Director**" (ID) means a Director referred to in Section 149 (6) of the Companies Act, 2013 and Rules made thereunder.
- f) "**Key Managerial Personnel**" (KMP) means:
 1. Chief Executive Officer or the Managing Director or the Manager;
 2. Whole-time Director(s);
 3. Chief Financial Officer;
 4. Company Secretary; and
 5. Such other officer, not more than one level below the directors who is in whole time employment and designated as KMP by the Board.

- g) **“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. MATTERS TO BE DEALT WITH AND RECOMMENDED BY NRC TO THE BOARD:

The following matters shall be dealt by the Committee:

a) Directors:

Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommending candidates to the Board, when circumstances warrant the appointment of a new Director, having regard to the variety of skills, experience and expertise on the Board and who will best complement the Board.

b) Evaluation of performance:

Making recommendations to the Board on appropriate performance criteria for the Directors. Formulate criteria and framework for evaluation of every Director's performance.

c) Familiarization:

Identifying familiarization and training programs for the Board to ensure that Non-Executive Directors are provided adequate information regarding the operations of the business, the industry and their duties and legal responsibilities.

d) Remuneration framework and policies:

NRC is responsible for reviewing and making recommendations to the Board on the following:

- i. The remuneration of MD/CEO, KMP and SMP.
- ii. Remuneration of Non-Executive Directors and Chairman, if any.
- iii. Remuneration Policy for all employees including KMP and SMP which requires:
 - a. Attract and motivate talent to accomplish Company's long term growth.
 - b. Demonstrate a clear link between executive compensation and performance

6. BOARD DIVERSITY:

NRC shall ensure a transparent nomination process to the Board of Directors with the diversity of gender, thought, experience, qualification, knowledge and perspective in the Board.

7. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SMP:

a) APPOINTMENT CRITERIA AND QUALIFICATIONS:

NRC shall identify a person and criteria for the qualification, expertise and experience of the person for appointment as Director, KMP or SMP and recommend to the Board his/ her appointment.

b) TERM/TENURE:

1. Managing Director / CEO

Term of appointment or re-appointment of Managing Director or CEO not to exceed five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

2. Independent Director

An Independent Director shall hold office on the Board of the Company for a term as may be determined by the Board but in any case not exceeding five years and shall not hold office for more than two consecutive terms.

c) RETIREMENT:

The Director, KMP and SMP shall retire as per the provisions of the applicable Act, and the prevailing policy of the Company. On the recommendation of the NRC, the Board if it considers to be in the Company's interest, shall have the discretion to retain Director, KMP and SMP even after attaining the retirement age.

d) REMOVAL:

In case any Director or KMP or SMP incurs any disqualification as provided under the Act or Rules made thereunder or is in breach of Code of Governance and Ethics adopted by the Company, the NRC may recommend to the Board removal of such Director or KMP or SMP.

8. POLICY FOR REMUNERATION TO MD/CEO, NEDs, KMP & SMP:

MD/CEO:

1. The remuneration to be paid to the MD/CEO at the time of his/her appointment shall be recommended by the NRC and approved by the Board of Directors and the shareholders of the Company.
2. Annual increment /subsequent variation in remuneration to the MD/CEO shall be approved by the NRC/Board of Directors, within the overall limits approved by the shareholders of the Company.

NEDs:**i. Sitting Fee:**

Non-Executive Directors ("NEDs") may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and other applicable law.

ii. Remuneration:

Section 197 of the Companies Act, 2013, allows a Company to pay remuneration (excluding sitting fees) to its Non-Executive Directors either by way of a monthly payment or at a specified percentage of the net profits of the company or partly by one way and partly by the other.

Remuneration referred to above, may be paid to Non-Executive Directors as may be decided by the Board of Directors of the Company from time to time. Currently the Company is not paying Commission to its "NEDs".

iii. Reimbursement of actual expenses incurred:

Non-Executive Directors may also be paid/reimbursed such sums incurred as actual for travel, incidental and/or actual out of pocket expenses incurred by such Director/Member for attending Board/Committee Meetings, depending upon the discretion of the Board.

iv. Payment to Independent Directors:

An Independent Director shall not be entitled to any stock option and shall receive sitting fees and reimbursement of expenses for participation in meetings of the Board or committee thereof and profit related remuneration up to a specified percentage of net profits in such proportion, as may be permissible under the Companies Act, 2013 and any other applicable law at the discretion of the Board.

Currently the Company is not paying any sort of fees/remuneration to "NEDs".

KMP & SMP:

1. The remuneration to be paid to the KMP and SMP, at the time of his/her appointment shall be recommended by the NRC and approved by the Board considering relevant qualification, experience and performance of the individual as well as the prevailing market conditions. The remuneration may be combination of fixed and variable pay;
2. Annual increment / subsequent variation in remuneration to the KMP/SMP shall be approved by the NRC/Board of Directors.

REMUNERATION IN CASE OF NO PROFITS OR INADEQUATE PROFITS:

In the event of no profits or inadequate profits in any financial year, remuneration to Executive Directors will be as per the appointment terms and as may be determined by the Board, subject to applicable provisions of the law.

9. **AMENDMENT:**

This policy is framed based on the provisions of the Companies Act, 2013 and Rules framed thereunder and the requirements of Listing Regulations, as amended from time to time. In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other Regulations which makes any of the provisions in the policy inconsistent with the Act or Regulations, then the provisions of the Act or Regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.