

POLICY ON VIGIL MECHANISM/ WHISTLE BLOWER POLICY

MYSTIC ELECTRONICS LIMITED



1. **PREAMBLE**

- 1.1. The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour.
- 1.2. The Company is committed to developing a culture where it is safe for all employees to raise concerns about any poor or unacceptable practice and any event of misconduct.
- 1.3. The Whistle Blower Policy is issued pursuant to Section 177 of the Companies Act, 2013 ("Companies Act") and Regulation 22 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") which require each listed company to establish a vigil mechanism for directors and employees to report genuine concerns or grievances. Regulation 9A (6) of SEBI (Prohibition of Insider Trading) (Amendments) Regulations, 2018 ("PIT Regulations") also requires every listed company to formulate a Whistle Blower policy.

2. **OBJECTIVE AND PURPOSE OF THE POLICY**

- 2.1 This policy is formulated to provide an opportunity to employees to report to the management instances of unethical behaviour, actual or suspected, fraud or violation of the company's code of conduct.
- 2.2 The purpose of this whistle blower policy ("Policy") is to provide a framework to promote responsible and secure whistle blowing. It protects all stakeholders including directors and employees wishing to raise a concern about breach of Company's policies and other serious irregularities within the Company from being victimized/ harassed, including by the superiors and to reassure them that they will be protected from retaliation or victimisation for blowing the whistle in good faith.

3. **DEFINITIONS**

- 3.1 "**Audit Committee**" means the Audit Committee of the Board constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 3.2 "**Bona fide Complaint**" means a Complaint shall be deemed to be bona fide unless it is found that complaint is not made in good faith.
- 3.3 "**Company**" means Mystic Electronics Limited.
- 3.4 "**Complaint**" means an expression of an Improper Activity of any employee or group of employees of the Company made by a Complainant/Whistle Blower in writing in conformity with this Policy.
- 3.5 "**Complainant/Whistle Blower**" means an employee of the Company who has made a Protected Disclosure under this Policy.
- 3.6 "**Disciplinary Action**" means any action that can be taken on the completion of/during the investigation proceedings including but not limiting to a warning, imposition of fine, suspension from official duties or termination of services or any such action as is deemed

to be fit considering the gravity of the matter.

3.7 "Improper Activity" means any activity by an employee of the Company that is undertaken in performance of his or her official duty, whether or not that act is within the scope of his or her employment, and that is in violation of any law or the rules of conduct applicable to the employee.

Activities which have no nexus to the working of the Company and are purely of personal nature are specifically excluded from the definition of Improper Activity.

3.8 "Policy or this Policy" means, Whistle Blower Policy

3.9 "Employee" means every employee of the Company including the Directors of the Company.

3.10 "Protected Disclosure" means a bona fide Complaint of unethical or improper activity.

3.11 "Subject" means a person or group of persons against or in relation to whom a Protected Disclosure is made or evidence gathered during the course of an investigation under this Policy.

3.12 "Vigilance and Ethics Officer" means an officer appointed to receive protected disclosures from whistle blowers, maintaining records thereof, placing the same before the Audit Committee for its disposal and informing the Whistle Blower the result thereof.

4. **ELIGIBILITY**

All stakeholders, employees (including directors), and any union/ association of employees of the Company are eligible to make Protected Disclosures under the Policy in relation to matters concerning the Company.

5. **SCOPE AND COVERAGE**

5.1 The Policy covers malpractices and events which have taken place/ suspected to take place involving:

- i. Abuse of authority
 - ii. Breach of contract.
 - iii. Negligence causing substantial and specific danger to public health and safety.
 - iv. Manipulation of company data/records.
 - v. Financial irregularities, including fraud or suspected fraud or Deficiencies in Internal Control and check or deliberate error in preparations of Financial Statements or Misrepresentation of financial reports.
 - vi. Any unlawful act whether Criminal/ Civil.
 - vii. Pilferage of confidential/propriety information.
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- viii. Deliberate violation of law/regulation.
- ix. Wastage/misappropriation of company funds/assets.
- x. Breach of Company Policy or failure to implement or comply with any approved Company Policy.
- xi. Any other unethical, biased, favoured, imprudent event or any instances of leak of UPSI.

5.2 Policy should not be used in place of the Company grievance procedures or be a route for raising malicious or unfounded allegations against colleagues.

6. GUIDING PRINCIPLES

To ensure that this Policy is adhered to, and to assure that the concern will be acted upon seriously, the Company will:

- 6.1** As a matter of Policy, condemn any kind of discrimination, unfair treatment, harassment, victimization or any other unfair employment practice being adopted against that the Whistle-blower and/or the person processing the Protected Disclosure.
- 6.2** Treat victimization as a serious matter, including initiating disciplinary action on person/(s) indulging in victimisation.
- 6.3** Provide complete protection to the Whistle Blower against any unfair practice like retaliation, threat or intimidation of termination/ suspension of service, disciplinary action, discrimination, or any other type of harassment.
- 6.4** Protect other employees, if any, assisting in the investigations or furnishing evidence to the same extent as the Whistle Blower.
- 6.5** Ensure complete confidentiality, to the extent possible under applicable laws.
- 6.6** Take disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made/to be made.

7. WHISTLE BLOWER – ROLE & DISQUALIFICATIONS

A. Role

- i. The Whistle Blower's role is that of a reporting party with reliable information.
- ii. The Whistle Blower is not required or expected to conduct any investigations on his own.
- iii. The Whistle Blower does not have any right to participate in investigations as the Protected Disclosure will be appropriately dealt with by the Vigilance and Ethics Officer /Chairman of the Audit Committee.
- iv. The Whistle Blower shall have a right to be informed of the disposition of his disclosure except for overriding legal or other reasons.

B. DISQUALIFICATIONS:

- i. Genuine Whistle Blowers will be accorded protection from any kind of unfair treatment / victimization. However, any abuse of this protection will warrant disciplinary action.
- ii. Whistle Blowers, who make any Protected Disclosures, which have been subsequently found to be malafide, malicious, frivolous, or reported otherwise than in good faith, will be liable for disciplinary action.
- iii. Whistle Blowers, who make three Protected Disclosures, which have been subsequently found to be malafide, malicious, frivolous, or reported otherwise than in good faith, will be disqualified from reporting further Protected Disclosure under this policy. In respect of such Whistle Blowers, the Vigilance and Ethics Officer /Audit Committee would reserve its right to take/recommend appropriate disciplinary action.
- iv. This Policy does not protect an employee from an adverse action which occurs independent of his/her disclosure of unethical and improper practice or alleged wrongful conduct, any other disciplinary action, etc., unrelated to a disclosure made pursuant to this Policy.

8. PROCEDURES - ESSENTIALS AND HANDLING OF PROTECTED DISCLOSURE

- 8.1** All Protected Disclosures should be reported in writing by the Whistle Blower as soon as possible after he/she becomes aware of the same so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English, Hindi or Regional language of the place of employment of the whistle blower and should provide a clear understanding of the Improper Activity involved or issue / concern raised.
- 8.2** The Protected Disclosure should be submitted in a closed and secured envelope and should be super scribed as **“Protected disclosure under the Whistle Blower policy”**. Alternatively, the same can also be sent through email with the subject **“Protected disclosure under the Whistle Blower policy”**. If the complaint is not super scribed and closed as mentioned above, it will not be possible for the Audit Committee to protect the Whistle Blower and the protected disclosure will be dealt with as if it’s a normal disclosure. In order to protect identity of the Whistle Blower, the Vigilance and Ethics Officer will not issue any acknowledgement to the Whistle Blowers and they are advised neither to write their name / address on the envelope nor enter into any further correspondence with the Vigilance and Ethics Officer. The Vigilance and Ethics Officer shall assure that in case any further clarification is required he will get in touch with the Whistle Blower.
- 8.3** Anonymous / Pseudonymous disclosure shall not be entertained by the Vigilance and Ethics Officer.
- 8.4** The Protected Disclosure should be forwarded under a covering letter signed by the Whistle Blower. The Vigilance and Ethics Officer / Chairman of the Audit Committee as the case may be, shall detach the covering letter bearing the identity of the Whistle Blower and process only the Protected Disclosure.
- 8.5** All Protected Disclosures should be addressed to the Vigilance and Ethics Officer of the Company or to the Chairman of the Audit Committee in exceptional cases. The contact details of the Vigilance and Ethics Officer is as under:-

Name : Krishan Khadaria
Address : 401/A, Pearl Arcade, Opp. P. K. Jewellers,
 Dawood Baug Lane, Off. J. P. Road, Andheri (W),
 Mumbai-400058
Email : krishankhadaria@gmail.com

8.6 Protected Disclosure against the Vigilance and Ethics Officer should be addressed to the Chairman of the Audit Committee. The contact details of the Chairman of the Audit Committee are as under:

Name : Manoj Bhatia
Address : 401/A, Pearl Arcade, Opp. P. K. Jewellers,
 Dawood Baug Lane, Off. J. P. Road, Andheri (W),
 Mumbai-400058
Email : manoj.ngvl@gmail.com

8.7 On receipt of the protected disclosure the Vigilance and Ethics Officer / Chairman of the Audit Committee, as the case may be, shall make a record of the Protected Disclosure and also ascertain from the Whistle Blower whether he/she was the person who made the protected disclosure or not. He shall also carry out initial investigation either himself or by involving any other Officer of the Company or an outside agency before referring the matter to the Audit Committee of the Company for further appropriate investigation and needful action. The record will include:

- i. Brief facts of the matter;
- ii. Whether the same Protected Disclosure was raised previously by anyone, and if so, the outcome thereof;
- iii. Whether the same Protected Disclosure was raised previously against the same subject;
- iv. Details of actions taken by Vigilance and Ethics Officer / Chairman of the Audit Committee for processing the complaint;
- v. Findings of the Audit Committee
- vi. The recommendations of the Audit Committee/ other action(s).

8.8 The Audit Committee, if deems fit, may call for further information or particulars from the Whistle Blower.

9. INVESTIGATION

9.1 On receipt of a Complaint, the Vigilance and Ethics Officer /Chairman of the Audit Committee shall detach the covering letter and verify/confirm the authenticity of the Complainant/Whistle Blower.

9.2 The Vigilance and Ethics Officer /Chairman of the Audit Committee shall thereafter determine whether the circumstances warrant an investigation into the Complaint in the case. If the Vigilance and Ethics Officer /Chairman of the Audit Committee determines that the investigation is not warranted, reason(s) for such determination shall be recorded in writing.

9.3 If the Vigilance and Ethics Officer /Chairman of the Audit Committee is prima facie satisfied that the Complaint warrants investigation of the alleged Improper Activity, the Vigilance and Ethics Officer /Chairman of the Audit Committee will direct investigation into the Complaint.

- 9.4 The decision to conduct an investigation by the Vigilance and Ethics Officer /Chairman of the Audit Committee is by itself not to be construed as an accusation and to be treated as a neutral fact-finding process.
- 9.5 The investigation shall be fair and objective, and shall be undertaken by a person or persons who have no conflict of interest either with the Complainant/Whistle Blower or with the Subject(s).
- 9.6 All employees of the Company are duty bound to co-operate with the investigator(s) to the extent that their cooperation will not compromise self-incrimination protection afforded under the law.
- 9.7 Subject(s) will normally be informed in writing of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
- 9.8 Subject(s) shall have a duty to co-operate with the Audit Committee or any of the Officers appointed by it in this regard to the extent that such co-operation will not compromise self-incrimination protections available under applicable law.
- 9.9 Subject(s) have a right to consult with a person or persons of their choice, other than the Vigilance and Ethics Officer / Investigators and/or members of the Audit Committee and/or the Whistle Blower.
- 9.10 Subject(s) have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witness shall not be influenced, coached, threatened or intimidated by the subject(s).
- 9.11 Unless there are compelling reasons not to do so, Subject(s) will be given the opportunity to respond to material findings contained in the investigation report. No allegation of wrong doing against a Subject(s) shall be considered as maintainable unless there is good evidence in support of the allegation.
- 9.12 Subject(s) have a right to be informed of the outcome of the investigations. If allegations are not sustained, the Subject should be consulted as to whether public disclosure of the investigation results would be in the best interest of the Subject and the Company.
- 9.13 The investigation shall be completed normally within 90 days of the receipt of the protected disclosure and is extendable by such period as the Audit Committee deems fit.

10. DECISION AND REPORTING

- 10.1 If an investigation leads the Vigilance and Ethics Officer / Chairman of the Audit Committee to conclude that an improper or unethical act has been committed, the Vigilance and Ethics Officer / Chairman of the Audit Committee shall recommend to the Board of Directors of the Company to take such disciplinary or corrective action as he may deem fit. It is clarified that any disciplinary or corrective action initiated against the Subject as a result of the findings of an investigation pursuant to this Policy shall adhere to the applicable Code of conduct and disciplinary procedures.
- 10.2 The Vigilance and Ethics Officer shall submit a report to the Chairman of the Audit Committee on a regular basis about all Protected Disclosures referred to him/her since the last report together with the results of investigations, if any.

10.3 If the report of investigation is not to the satisfaction of the Whistle Blower, the Whistle Blower has the right to report the event to the appropriate legal or investigating agency.

11. SECRECY / CONFIDENTIALITY

The Whistle Blower, Vigilance and Ethics Officer, Members of Audit Committee, the Subject and everybody involved in the process shall:

- i. Maintain confidentiality of all matters under this Policy
- ii. Discuss only to the extent or with those persons as required under this policy for completing the process of investigations
- iii. Not keep the papers unattended anywhere at any time
- iv. Keep the electronic mails / files under password

12. IMMUNITY/PROTECTION

12.1 No unfair treatment will be meted out to a Whistle Blower by virtue of his/ her having reported a Protected Disclosure under this Policy. The Company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blowers. Complete protection will, therefore, be given to Whistle Blowers against any unfair practice like retaliation, threat or intimidation of termination / suspension of service, disciplinary action, transfer, demotion, refusal of promotion or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties / functions including making further Protected Disclosure. The Company will take steps to minimize difficulties, which the Whistle Blower may experience as a result of making the Protected Disclosure. Thus if the Whistle Blower is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for the Whistle Blower to receive advice about the procedure, etc.

12.2 A Whistle Blower may report any violation of the above clause to the Chairman of the Audit Committee, who shall investigate into the same and recommend suitable action to the management.

12.3 The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law. The identity of the Whistle Blower will not be revealed unless he/she himself/herself has made either his/her details public or disclosed his/her identity to any other office or authority. In the event of the identity of the Whistle Blower being disclosed, the Audit Committee is authorized to initiate appropriate action as per extant regulations against the person or agency making such disclosure. The identity of the Whistle Blower, if known, shall remain confidential to those persons directly involved in applying this Policy, unless the issue requires investigation by law enforcement agencies, in which case members of the organization are subject to subpoena.

12.4 Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

13. COMMUNICATION

A Whistle Blower Policy cannot be effective unless it is properly communicated to employees. Employees shall be informed by publishing on notice board and the website of the Company.

14. RETENTION OF DOCUMENTS

All documents relating to such Protected Disclosure made through the procedures outlined above shall be retained for 7 (seven) years or such other period as specified by any other law in force, whichever is more after which the information may be destroyed unless the information may be relevant to any pending or potential litigation, inquiry or investigation, in which case the information will be retained for the duration of that litigation, inquiry or investigation and thereafter as necessary

15. COMPANY'S POWERS

The Company is entitled to amend, suspend or rescind this Policy at any time. Whilst, the Company has made best efforts to define detailed procedures for implementation of this Policy, there may be occasions when certain matters are not addressed or there may be ambiguity in the procedures. Such difficulties or ambiguities will be resolved in line with the Broad intent of the Policy. The Company may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.