

Fedders Electric and Engineering Limited
(Formerly Fedders Lloyd Corporation Limited)

**CODE OF CONDUCT FOR BOARD MEMBERS, KEY
MANAGERIAL PERSONNEL
AND SENIOR MANAGEMENT PERSONNEL**

1. INTRODUCTION

Integrity, transparency and trust form part of the core beliefs of all activities at **FEDDERS ELECTRIC AND ENGINEERING LIMITED (formerly Fedders Lloyd Corporation Limited)** which has been the basis of its growth and development. In terms of the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), as amended from time to time, it is mandatory that a separate legal and ethical standard of conduct is laid and be made applicable to all Board Members, Key Managerial Personnel and all Senior Management Personnel of the Company. Hence to meet this requirement, this Code of Conduct has been formulated by the Board. This Code broadly lays down the general principles to be followed by the Board Members, Key Managerial Personnel and the Senior Management Personnel as a guide for making ethical decisions.

- ❖ This Code of Conduct shall be called "The Code of Conduct for Board Members, Key Managerial Personnel and Senior Management Personnel" of Fedders Electric and Engineering Limited (hereinafter referred to as the “the Company” and this Code of Conduct as “this Code”).
- ❖ This Code envisages that the Board of Directors of the Company, Key Managerial Personnel and Senior Management Personnel should act within the framework of and in compliance with the applicable laws.
- ❖ The purpose of this Code is to enhance integrity, ethics & transparency in governance of the Company and thereby reinforce the trust and confidence reposed in the Management of the Company by the shareholders and other stakeholders. The Board Members, Key Managerial Personnel and Senior Management Personnel are expected to familiarize themselves with this Code and to understand, adhere to, comply with and uphold the provisions of this Code and the standards laid down hereunder in their day-to-day functioning.
- ❖ This Code is in alignment with Company’s Vision and Values to achieve the Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company.
- ❖ This Code for Board Members, Key Managerial Personnel and Senior Management Personnel has been framed specifically in compliance with the provisions of the Listing Regulations and the provisions of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 and all the rules made under the provisions of Companies Act, 2013 and amended from time to time.

2. DEFINITIONS AND INTERPRETATION

In this Code, unless repugnant to the meaning or context thereof, the following expressions, wherever used in this Code, shall have the meaning as defined below:

"Board/Directors" shall mean the Board of Directors of the Company.

"Company" shall mean Fedders Electric and Engineering Limited (FEEL).

"Conflict of Interest" means where the interests or benefits of one person or entity conflicts with the interests or benefits of the Company.

"Executive Directors/Whole time Directors" shall mean and include Company's Managing Director and Directors who are in whole time employment of the Company.

"Independent Directors" shall mean an Independent Director as per the provisions of the Companies Act, 2013 and Listing Regulations (as amended from time to time)

"Non - Executive Directors" shall mean the Directors who are not in whole time employment of the Company.

"Senior Management Personnel" shall mean personnel of the Company who are members of its core management team excluding Board of Directors. Normally, this shall comprise all members of management one level below the Executive Directors, including all functional heads and Financial Officers or Departmental Heads of the Company.

"Relative" shall mean 'relative' as defined in Section 2 (77) of the Companies Act, 2013 and Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014 which is enumerated as relative under **Annexure I**.

3. APPLICABILITY

This Code shall be applicable to the following persons:

- a) All Whole-time Directors including the Chairperson and Managing Director of the Company.
- b) All Non Whole-time Directors including Independent Directors.
- c) Company Secretary & Compliance Officer of the Company in the capacity of Key Managerial Personnel.
- d) Chief Financial Officer (CFO) of the Company in the capacity of Key Managerial Personnel.
- e) Any other person designated as Key Managerial Personnel of the Company.
- f) All Senior Management Personnel.

4. KEY REQUIREMENTS

The Board Members, Key Managerial Personnel and Senior Management Personnel shall function within the authority conferred upon them by the Company, keeping the best interest of the Company in view and they:

- i) shall act with utmost care, skill, diligence and integrity
- ii) shall act in utmost good faith and fulfil the fiduciary obligations without allowing their independence of judgment to be compromised.
- iii) shall observe the highest standards of honesty, integrity and law abiding behaviour.
- iv) shall not be involved in taking any decision on a subject matter in which conflict of personal interest arises or which in their opinion is likely to arise.
- v) shall avoid any dealing with a contractor, supplier or service provider that compromises the ability to transact business on a professional, impartial and competitive basis or influence decision to be made on behalf of the Company.
- vi) shall not exploit for his own personal gain, opportunities that are discovered through use of corporate property, information or position, unless the opportunity is disclosed fully in writing to the Board of Directors and the Board does not decline to pursue such opportunity.
- vii) shall provide full, accurate and timely disclosure of required information in documents /reports filed and submitted to any authority and in other public communication.
- viii) shall report promptly any unlawful and unethical behaviour, any actual or suspected fraud/ theft of Company's assets.
- ix) shall ensure workplace free of discrimination and harassment based on colour, religion, caste, age, gender, nationality, origin, disability, veteran status or any other basis.
- x) shall not seek or accept, directly or indirectly any gift from anyone having business dealings with the Company, except for normal value, which are customarily given and are of commemorative nature for special events and should never be of a kind that could create an appearance of impropriety, inducement or in any manner influence a business decision.
- xi) shall act in a socially responsible manner, within the applicable laws, rules and regulations, customs and traditions of the countries in which the Company operates.
- xii) shall exercise their responsibilities in a bona fide manner in the interest of the Company and act objectively and constructively while exercising their duties.
- xiii) shall not abuse their 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.
- xiv) shall assist the Company in implementing the best corporate governance practices.
- xv) shall immediately bring to the notice of the Board about any unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy.

5. DUTIES OF DIRECTORS

The Companies Act, 2013 significantly specifies certain duties and responsibilities of the Directors of the Company. While the list of duties as per the provisions of the Act has been enumerated below, it should however, by no means be considered to be exhaustive:

- 1) Subject to the provisions of the Companies Act, 2013 (“the Act”), Directors of the Company shall act in accordance with the Articles of Association of the Company.
- 2) Directors of the 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) Directors of the Company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- 4) Directors of the 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) Directors of the Company shall not achieve or attempt to achieve any undue gain or advantage either to themselves or to their 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) The Directors shall bring an independent judgement to bear on the Board’s deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standard of conduct and an objective view in the evaluation of the performance of the Board and the Management.

6. DUTIES OF INDEPENDENT DIRECTORS

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, along with appointment/reappointment process, evaluation mechanism and requirement for separate meetings of Independent Directors, which is appended as **Annexure II** to this Code.

7. PREVENTION OF INSIDER TRADING

Board Members, Key Managerial Personnel and Senior Management Personnel must ensure that they comply with the SEBI (Prohibition of Insider Trading) Regulations, 2015 and Company’s Code of Conduct for Regulating, Monitoring and Reporting of Insider Trading by the Employees and Other connected persons as amended from time to time. In particular, Board Members, Key Managerial Personnel and Senior Management Personnel must ensure that they do not by themselves or through their relatives or through third parties, deal in Company’s shares while in possession of material non-public information relating to the Company. Board

Members, Key Managerial Personnel and Senior Management Personnel must also ensure that they do not divulge such information to third parties, who may use the information to deal in Company's shares.

8. CONFIDENTIALITY OF INFORMATION

Any information concerning the Company's business, its customers, suppliers, etc. and to which the Board Members, Key Managerial Personnel and Senior Management Personnel have access or possesses such information, must be considered confidential and held in confidence. No Board Member, Key Managerial Personnel and Senior Management Personnel shall provide any information either formally or informally, to the press or any other public media, except as required in the performance of the duties. However, Board Members, Key Managerial Personnel and Senior Management Personnel shall be free to disclose such information which is:

- i) Part of the public domain at the time of disclosure.
- ii) Authorized or required to be disclosed pursuant to a decision of the Board.
- iii) Required to be disclosed in accordance with applicable laws, rules, regulations or guidelines.

9. RELATED PARTY DISCLOSURES

The Board Members shall make disclosure of related party transactions to the Board of Directors, Key Managerial Personnel and the Senior Management Personnel shall make disclosure of the related party transactions to the Chairman & Managing Director as per the provisions of the Companies Act, 2013 and rules framed thereunder.

10. HEALTH, SAFETY AND ENVIRONMENT

The Board Members, Key Managerial Personnel and Senior Management Personnel of the Company shall provide safe and healthy working environment, prevent wasteful use of natural resources and shall ensure minimum impact on the ecological environment of the use and disposal of any material. The Board Members, Key Managerial Personnel and Senior Management Personnel of the Company shall make their best effort to protect the assets including physical assets, information and intellectual rights of the Company and shall not use the same for personal gains.

11. CONFLICT OF INTEREST

- The Board of Directors, Key Managerial Personnel and the Senior Management Personnel shall not enter into any transaction which is or may likely to have a conflict with the interest of the Company and shall not engage any of its relative(s), or any other person or entity, for the purposes of circumventing the personal interest involved.

- The Board of Directors, Key Managerial Personnel and the Senior Management Personnel shall not take up any position or engagement that may be prejudicial to the interest of the Company.
- The Executive Director(s) and the Senior Management Personnel shall not take up any outside employment.

12.AMENDMENTS TO THE CODE

The provisions of this Code can be amended/ modified by the Board of Directors of the Company from time to time and all such amendments/ modifications shall take effect from the date stated therein.

13.CLARIFICATIONS REGARDING THE CODE

Board Members, Key Managerial Personnel and Senior Management Personnel requiring any clarification regarding this Code of Conduct may contact the Company Secretary.

14.PLACEMENT OF THE CODE ON WEBSITE

Pursuant to the Listing Regulations, this Code and any amendment thereto shall be hosted on the website of the Company i.e. on www.feddersselectric.com under the sub-category Code of Conduct & Ethics in the category Investor Relations.

15.AFFIRMATION OF COMPLIANCE WITH THE CODE

All Board Members, Key Managerial Personnel and Senior Management Personnel shall affirm compliance with the Code of Conduct on an annual basis within 30 days from the close of every financial year. The Annual Affirmation of Compliance with the Code in the format appended in **Annexure III** shall be forwarded to the Company Secretary within the said period of 30 days.

16.CONSEQUENCES OF NON- COMPLIANCE OF THIS CODE

In case of breach of this Code by any Board Member or Key Managerial Personnel or Senior Management Personnel, the same shall be considered by the Board of Directors for initiating appropriate action, as deemed necessary.

AS PER SECTION 2(77) OF COMPANIES ACT, 2013

Definition of “relative”, with reference to any person, means anyone who is related to another, if

- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or
- (iii) one person is related to the other in such manner as may be prescribed*;

***LIST OF RELATIVES AS PER RULE 4 OF THE COMPANIES (SPECIFICATION OF DEFINITIONS DETAILS) RULES, 2014**

- (i) Father (includes step-father)
- (ii) Mother (includes step-mother)
- (iii) Son (includes step-son)
- (iv) Son’s Wife
- (v) Daughter
- (vi) Daughter’s Husband
- (vii) Brother (includes step-brother)
- (viii) Sister (includes step-sister)

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 a period of not more than one hundred and eighty days 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.

ANNUAL AFFIRMATION OF COMPLIANCE WITH CODE OF CONDUCT

Ido hereby solemnly affirm that to the best of my knowledge and belief, I have fully complied with the provisions of the CODE OF CONDUCT FOR BOARD MEMBERS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL during the financial year ending/ ended _____.

Signature :.....
Name :.....
Designation :.....
Date :.....
Place :.....

* To be submitted within 30 days from the closing of Financial Year.