

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

**REMUNERATION POLICY**

## 1. Preface

The Remuneration Policy of Fedders Electric and Engineering Limited (the "Company") (formerly Fedders Lloyd Corporation Limited) is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits. This Remuneration Policy applies to Directors, Key Managerial Personnel, Senior Management Personnel and Other Employees of the Company.

The Company has constituted a Nomination and Remuneration Committee to review and recommend the quantum and payment of annual salary and commission and other employment conditions of the Directors, Key Managerial Personnel, Senior Management Personnel and Other Employees of the Company. The existing remuneration structure of the Company consists of a fixed component and a variable component linked to the long term vision, medium term goals and annual business plans. The Committee takes into consideration the best remuneration practices being followed in the industry while fixing appropriate remuneration packages.

## 2. Definitions:

2.1 "**Act**" means the Companies Act, 2013 and rules made thereunder.

2.2 "**Key Managerial Personnel**" means:

- (i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- (ii) Chief Financial Officer;
- (iii) Company Secretary; and
- (iv) such other officer as may be prescribed.

2.3 "**Other Employees**" means, all the employees other than the Directors, KMPs and the Senior Management.

2.4 "**Remuneration**" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;

2.5 "**Senior Managerial Personnel**" mean the personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including all functional heads.

### **3. Key Principles of the Policy**

While designing compensation for Directors, Key Managerial Personnel, Senior Management and Other Employees, the following set of principles act as guiding factors:

- 3.1 Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.
- 3.2 Minimize complexity and ensure transparency.
- 3.3 Link to long term strategy as well as annual business performance of the Company.
- 3.4 Promotes a culture of meritocracy and is linked to key performance and business drivers.
- 3.5 Reflective of line expertise, market competitiveness so as to attract the best talent.

### **4. Remuneration to Executive Directors**

- 4.1 The remuneration payable to Executive Directors is recommended by the Nomination and Remuneration Committee and approved by the Board in the Board meeting, subject to the subsequent approval by the shareholders at the general meeting and such other authorities, as the case may be.
- 4.2 The remuneration is arrived by considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the company. The elements of the remuneration and limits are pursuant to section 197 and Schedule V of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

#### **4.3 Remuneration Policy Structure**

The remuneration structure for the Executive Directors would include the following components:

##### **4.3.1. Basic Salary**

- Provides for a fixed, per month, base level remuneration to reflect the scale and dynamics of business to be competitive in the external market.
- Will be subject to an annual increase as per recommendations of the Nomination and Remuneration committee and approval of the Board of Directors.

##### **4.3.2. Perquisites and Allowances**

Perquisites and Allowances would also form a part of the remuneration structure.

##### **4.3.3. Contribution to Provident and Other funds**

In addition to the above, the remuneration would also include:

- Contribution to Provident and Superannuation Funds
- Gratuity

#### 4.3.4. Minimum Remuneration

If in any financial year during the tenure of the Executive Directors, the company has no profits or its profits are inadequate, they shall be entitled to, by way of Basic Salary, Perquisites, allowances, not exceeding the ceiling limit specified under Schedule V of the Act or other such limits as prescribed by the Government from time to time as Minimum Remuneration, whichever is higher.

4.3.5. Such other component as stipulated under the provisions of the Act.

### **5. Remuneration to Non-Executive and Independent Directors**

The Non-Executive and Independent Directors are entitled for remuneration by way of sitting fees for attending meetings of Board or Committee thereof and reimbursement of expenses for attending the said meetings. The amount of such sitting fees shall be subject to ceiling/limits as provided under the Act and rules made thereunder or any other enactment for the time being in force.

### **6. Remuneration to Key Managerial Personnel, Senior Management & Other Employees**

#### 6.1. Key Managerial Personnel and Senior Management

The Remuneration payable to Senior Management Personnel and KMPs shall be based on the Remuneration Policy of the Company and the experience, qualification and expertise of the relevant personnel and shall be decided by the Chairman and Managing Director (for KMPs other than those who are at the WTD/Board level) of the Company as per the internal process/rules in consonance with the limits, if any, prescribed under the Act and rules made thereunder or any other enactment for the time being in force.

The compensation for the Key Managerial Personnel and the Senior Management at the Company would be guided by the external competitiveness and internal parity through annual benchmarking surveys.

#### 6.2. Other Employees

The power to decide structure of remuneration for other employees has been designed in the Remuneration Policy and implementation of the same is to be ensured by the Chairman & Managing Director of the Company or any other personnel that the Chairman & Managing Director may deem fit to delegate.

### **7. Disclosure**

The Policy shall be disclosed in accordance with the provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015..

## **8. Amendment and Policy Review**

- 8.1. This Policy is framed pursuant to the provisions of the Act. In case of any subsequent changes in the provisions of the Act and rules thereunder 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 this Policy and the provisions in this Policy would be modified in due course to make it consistent with applicable provisions of the law.
- 8.2. Any changes or modification on the Policy as recommended by the Nomination and Remuneration Committee would be placed before the Board of Directors of the Company for their approval.
- 8.3. The Board of Directors of the Company may, subject to the applicable law, is entitled to amend, modify, suspend or rescind this Policy, at any time.