

H R B FLORICULTURE LIMITED

CIN: L01300RJ1995PLC009541

Registered Office: A-28, RAM NAGAR, SHASTRI NAGAR, JAIPUR-302016
Ph. +91-141-2303098, 2303097(Telefax) E-mail:hrbflrltd@yahoo.com Website: www.hrb.co.in

CODE OF CONDUCT

PREAMBLE

The new provisions of Clause 49 of the Listing Agreement and contemporary practices of good corporate governance provide that the Company shall have a Code of Business Conduct shall be called "HRB Floriculture Limited - Code of Conduct" (hereinafter referred as "The Code"). (hereinafter collectively referred as 'Officers') of H R B Floriculture Limited (the "Company"). The Code envisages that the Board of Directors and Senior Management must act within the bounds of the authority conferred upon them and with a duty to make and keep themselves informed about the development in the industry in which the Company is involved and the legal requirements to be fulfilled.

The Code is intended to maintain effective control and ensure transparency in Company's management, business conduct ethics, corporate culture and the values. The Code is also to act as a deterrent from unethical doings and to promote ethical values and is the manifestation of the Company's commitment to successful operation of the Company's business in the best interest of the shareholders, creditors, employees and other business associates.

The principles embodied in this Code lay down broad standards of compliance and ethics, as required by Regulation 17(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Stock Exchange Listing Agreement. (hereinafter referred to as the "Listing Regulations") with the Stock Exchanges where securities of the Company are listed. Wherever there is any variation between the provisions of the Code and the provisions of Listing Agreement, as amended, the provisions of the listing agreement would prevail over the provisions of the code.

The purpose of this "Code" is to ensure better Corporate Governance, effective control and ensure transparency in Company's management, in the best interests of the shareholders of the Company.

APPLICABILITY

- The Code applies to the members of Board of Directors, all Executive, Non-Executive and Independent directors and members of Senior Management including Company Secretary.
- The Company Secretary shall be the Compliance Officer for the purpose of this Code.
- The "Code" shall be posted on the website of the Company.

The Code for the Board members & members of Senior Management includes the following:

A. HONEST AND ETHICAL CONDUCT

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Each Board Member and personnel of Senior Management shall observe the highest standards of professional integrity, honesty and ethical conduct and shall work to the best of their ability and judgment. They will also help the company to maintain the highest degree of corporate governance practices.

B. STATUTORY COMPLIANCE

The Board members and members of Senior Management shall take utmost care and pay attention to comply with all applicable laws, regulations, rules and regulatory orders to the best of their ability and judgment.

They are also expected to acquire appropriate knowledge of the requirements relating to their duties sufficient to enable them to recognize potential dangers and to report to the Board or management the possible violation of laws and regulations or the Code of Conduct.

C. CONFIDENTIAL INFORMATION

Any information concerning the Company's business its customers, suppliers, etc. which is not in the public domain and to which the directors or officers has access or possesses such information must be considered confidential and held in confidence unless authorized to do so and when disclosure is required, as a matter of law and shall not be used by him or her for his or her personal gain or advantage And all confidential information must be used for Company business purposes only.

D. INSIDER TRADING

The Board of Directors and Senior Managerial Personnel shall ensure compliance with Company's Insider Trading Code and SEBI (Prohibition of Insider Trading) Regulations, 1992 as also other regulations as may become applicable to them from time to time.

E. CONFLICT OF INTEREST

A Conflict of interest exists when any personal or professional interest is adverse to or may appear adverse to the interest of the Company. They shall avoid clash of his or her personal interest with the interest of the Company.

F. PROTECTION OF ASSETS

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Protecting the Company's assets is the key responsibility of every member of Senior Management. Care should be taken to ensure that assets are not misused, misappropriated, or sold or donated, without appropriate authorization.

G. HEALTH, SAFETY & ENVIRONMENT

The Company shall strive to provide a safe and healthy working environment and comply, in the conduct of its business affairs, with all regulations regarding the preservation of the environment of the territory, it operates in.

H. ANNUAL COMPLIANCE REPORT

All the Board members and Senior Management personnel affirm compliance with this Code on an annual basis as at the end of the each financial year of the company.

I. OTHER DIRECTORSHIPS

Disclosures The Directors should promptly disclose their appointment/ cessation from directorship of other companies.

J. RELATED PARTY DISCLOSURES

The Directors and the Senior Management Personnel shall make disclosure to the Company with respect to any transaction with the Company in which such person is interested and in respect of which a conflict of interest can arise between the Company and the person concerned including the name of the related party and the nature of relationship. Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement. Such disclosure shall be in accordance with the Companies Act, 2013.

K. INTERNAL CONTROL SYSTEM

Directors and Senior Management Personnel should maintain and should cause the Company to maintain a proper and adequate system of internal controls for financial reporting.

L. CORPORATE GOVERNANCE

Directors and Senior Management Personnel should sincerely follow and should cause the Company to follow the philosophy of good corporate governance by possessing

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strong business fundamentals and delivering high performance through relentless focus on transparency, accountability, professionalization and corporate social responsibility for enhancing shareholders' value and contributing to society at large.

M. HUMAN RESOURCES/ EMPLOYEE RELATIONS

- (a) Directors and Senior Management Personnel should strive for causing the Company to maintain cordial employee relations.
- (b) Executive Directors and Senior Management Personnel should cause the Company to build competency- based human resource systems and maintain human resources policy that has been directed at managing the growth of the organization efficiently.
- (c) Executive Directors and Senior Management Personnel should assist the Company in further aligning its human resource policies, processes and initiatives to meet its business needs.

CODE OF CONDUCT 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;

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- 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) scrutinize 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.

DUTIES OF THE INDEPENDENT DIRECTORS AS PER SCHEDULE IV OF THE COMPANIES ACT, 2013

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;

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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 formalized through a letter of appointment, which shall set out:
 - a) the term of appointment;

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- 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 by listed entity at the earliest but not later than the immediate next meeting of the board of directors or three months from the date of such vacancy, whichever is later, 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;

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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:

The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

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.

AMENDMENT

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

WEBSITE

Pursuant to Regulation 46 of the Listing Regulations, this Code and any amendments thereto shall be posted on the website of the Company: www.hrb.co.in