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# BLACK BOX LIMITED

(FORMERLY KNOWN AS AGC NETWORKS LIMITED)

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## RISK MANAGEMENT POLICY

Black Box Limited (Formerly known as AGC Networks Limited), being a listed Company, is required to adhere to the regulatory norms prescribed under the Companies Act, 2013 (the "Act") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations). Regulation 21 of SEBI LODR Regulations requires the top 500 listed companies (determined on the basis of market capitalization as at the end of the immediate previous financial year) to constitute a Risk Management Committee to assess and manage risk associated with business activity of the listed entity.

Section 134(3) of the Act requires the Board of Directors of a company, as part of the Board's Report, to give a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company.

Black Box Limited (Formerly known as AGC Networks Limited), (the "Company") falls in top 550 Companies (determined on the basis of market capitalization as at the end of the immediate previous financial year) on National Stock Exchange of India Limited as on December 31, 2020. With intent to assess and manage various risk involved in the business activity of the Company and to comply with the regulatory requirement as explained above, the Board has constituted Risk Management Committee to be governed by this policy.

### **OBJECTIVE**

The main objective of this policy is to ensure sustainable business growth by evaluating, tackling and resolving various risks associated with the business of the Company specifically risks associated with Cyber security, business environment and technological advancements. In order to achieve this key objective, the policy establishes a structural and disciplined approach to risk management, which helps in arriving at correct solutions for various risk related issues.

### **DEFINITIONS**

"**Risk Management Committee**" means Committee of Board of Directors of the Company constituted under the provisions of the Companies Act, 2013 and the SEBI LODR Regulations.

"**Board of Directors**" or "**Board**" in relation to a Company, means the collective body of Directors of the Company. [Section 2(10) of the Companies Act, 2013]

"**Policy**" means Risk Management Policy.

## **BACK GROUND AND IMPLEMENTATION**

The Company is prone to inherent business risks. This document is intended to formalize a risk management policy, the objective of which shall be identification, evaluation, monitoring and minimization of identifiable risks.

Risk is an event which can prevent, hinder and fail to further or otherwise obstruct the enterprise in achieving its objectives. A business risk is the threat that an event or action will adversely affect an enterprise's ability to maximize stakeholder value and to achieve its business objectives. Risk can cause financial disadvantage, for example, additional costs or loss of funds or assets. It can result in damage, loss of value and /or loss of an opportunity to enhance the enterprise operations or activities. Risk is the product of probability of occurrence of an event and the financial impact of such occurrence to an enterprise. Following are the broadly identified risks considering the nature of Business activity of the Company:

<b>Risk Category</b>	<b>Description of Risk</b>
<b>Strategic Risk</b>	Market Strategy Political Environment Organizational Growth- Market Penetration, Market Share, Loss of reputation Globalization and Technological Obsolescence Loss of Intellectual property and Trade secret Economic condition of the market, Global recession and Environmental Issues Competition
<b>Operational Risks</b>	Consistent Revenue Growth Cost Optimization Manpower retention Disaster Management and Data Security Inefficient working capital Management – High Inventory Contractual Compliance Quality Assurance
<b>Compliance Risk</b>	Ensure stricter adherence to laws / rules / regulations/ standards Adherence of Company Policies and Procedures Maintaining high standards of Corporate Governance and Public disclosures
<b>Financial and Reporting Risks</b>	Volatility in Currency, Funding & Credit Risk, change in Financial Reporting and audit requirements
<b>Technological Risk</b>	Cyber Security Ever changing and evolving technology

The Board of Directors of the Company and the Risk Management Committee shall periodically review and evaluate the risk management system of the Company so that the management controls the risks through properly defined network.

### **RESPONSIBILITY FOR RISK MANAGEMENT**

Generally, every employee of the organization is responsible for the effective management of risk including the identification of potential risks. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. Risk management processes should be integrated with other planning processes and management activities.

The independent directors shall 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 and shall satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible.

### **CONSTITUTION OF RISK MANAGEMENT COMMITTEE**

Risk Management Committee shall be constituted by the company consisting of such number of directors (executive or non-executive) as the Company thinks fit. The majority of Committee shall consist of members of the Board of Directors.

Senior executives of the Company may also be members of the said committee but the Chairman of the Committee shall be a member of the Board of Directors.

### **MEETINGS AND QUORUM**

The quorum necessary for transacting business at a meeting of the Committee shall be two members and the Committee shall meet at least once a year.

### **AUTHORITY**

The Committee shall have free access to management and management information. The Committee, at its sole authority, may seek the advice of outside experts or consultants where judged necessary.

### **ROLE OF THE BOARD**

The Board will undertake the following actions to ensure risk is managed appropriately:

1. The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company.
2. The Board shall define the roles and responsibilities of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the Committee and such other functions as it may deem fit.
3. Ensure that the appropriate systems for risk management are in place.
4. The independent directors shall help in bringing an independent judgment to bear on the Board's deliberations on issues of risk management and satisfy themselves that the systems of risk management are robust and defensible; Participate in major decisions affecting the organization's risk profile;

5. Have an awareness of and continually monitor the management of strategic risks;
6. Be satisfied that processes and controls are in place for managing less significant risks;
7. Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly;
8. Ensure risk management is integrated into board reporting and annual reporting mechanisms;
9. Convene any board-committees that are deemed necessary to ensure risk is adequately managed and resolved where possible.

**REVIEW AND APPLICABILITY**

This policy shall be reviewed at a minimum at least once every 3 year to ensure it meets the requirements of legislation & the needs of organization.

The revised policy shall be in force w.e.f. April 1, 2021.

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