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# **BLACK BOX LIMITED**

**(FORMERLY KNOWN AS AGC NETWORKS LIMITED)**

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## **POLICY ON RELATED PARTY TRANSACTION AND DEALING WITH RELATED PARTY TRANSACTION**

### **1. Preamble**

Maintaining highest ethical standards and transparency in dealings has always been one of the priorities of Black Box Limited (hereinafter referred to as “the Company” or “Black Box”). In order to eliminate the risk of probable conflicts of interest of the Directors, Senior Management, related parties etc., the Audit Committee (hereinafter referred to as “the Committee”) and Board of Directors (hereinafter referred to as “the Board”) of the Company, adopted the following policy and procedures with regard to Related Party Transactions as defined below at their meetings held on 26<sup>th</sup> September, 2014. The Board may amend this policy from time to time consistent with the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (hereinafter referred to as “LODR Regulations”) entered by the Company with Stock Exchanges, including the Rules promulgated thereunder with information to the Audit Committee.

This policy will be applicable to the Company. This policy is, to regulate transactions between the Company and its Related Parties based on the applicable laws, rules and regulations applicable to the Company, and is on materiality of the Related Party Transactions and also on dealing with the Related Party Transactions.

### **2. Purpose**

This policy is framed as per requirements of *LODR Regulations* and intended to ensure proper approval and reporting of transactions between the Company and its Related Parties. Such transactions shall be considered appropriate only if they are in the best interest of the Company and its shareholders.

### **3. Definitions**

**“Arm’s length basis”** transaction means a transaction between a two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

**“Associate Company”**, in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

*Explanation.* — “significant influence” means control of at least twenty percent of total voting power or control of or participation in business decisions under an agreement.

**“Audit Committee or Committee”** means Committee of Board of Directors of the Company constituted under provisions of *LODR Regulation* and Companies Act, 2013.

**“Board”** means Board of Directors of the Company

**“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

**“Key Managerial Personnel”** means key managerial personnel as defined under the Companies Act, 2013 and includes

- (i) Managing Director, or Chief Executive Officer or manager and in their absence, a whole-time director;
- (ii) Company Secretary; and
- (iii) Chief Financial Officer

**“Material Related Party Transaction”** means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, **exceeds Rs. 1000 Crores or 10% percent of the annual consolidated turnover of the Company** as per the last audited financial statements of the company, whichever is lower.

Payments to a related party towards brand usage or royalty exceeding 5% of the annual consolidated turnover of the Company would be considered as ‘Material Related Party Transaction’

**“Material modification”** would mean any modification to the related party transaction which shall result in an impact on the value of the transaction by 20% as compared to the approval given by the Audit Committee/Board/shareholders earlier.

**“Office or place of profit”** means any office or place—

(i) where such office or place is held by a director, if the director holding it receives from the Company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

(ii) where such office or place is held by an individual other than a director or by any firm, private Company or other body corporate, if the individual, firm, private Company or body corporate holding it receives from the Company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

**“Policy”** means Related Party Transaction Policy.

**“Related Party”** means related party as defined in *LODR Regulations* which is as follows:

- (i) such entity is a related party under Section 2(76) of the Companies Act, 2013; or
- (ii) such entity is a related party under the applicable accounting standards.

**Related party under Section 2(76) of the Companies Act, 2013 is;**

- (i) a director or his relative ;
- (ii) a key managerial personnel or his relative ;
- (iii) a firm, in which a director, manager or his relative is a partner ;
- (iv) a private company in which a director or manager is a member or director ;
- (v) a public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital ;
- (vi) anybody corporate whose Board of directors, managing director, or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager ;
- (vii) any person under whose advice, directions or instructions a director or manager is accustomed to act : Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity ;
- (viii) any company which is –
  - (A) a holding, subsidiary or an associate company of such company ; or
  - (B) a subsidiary of a holding company to which it is also a subsidiary ;
- (ix) any other person as may be prescribed

**Related party under applicable accounting standard (AS 18)**

Parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or

operating decisions

A 'related party' is a person or entity that is related to the company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

**Related party under LODR Regulations**

"Related Party" means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

Provided that:

- (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- (b) any person or any entity, holding equity shares:
  - (i) of twenty per cent or more; or
  - (ii) of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year;

shall be deemed to be a related party.

**"Related Party Transaction"** means any transaction directly or indirectly involving any Related Party which is a transfer of product, resources, services, movable/immovable properties or obligations between a company and a related party, regardless of whether a price is charged, specifically including the following.

**As per Section 188 of the Companies Act, 2013:**

- (a) Sale, purchase or supply of any goods or materials;
- (b) Selling or otherwise disposing of, or buying, property of any kind;
- (c) Leasing of property of any kind;
- (d) Availing or rendering of any services;
- (e) Appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company; and
- (g) Underwriting the subscription of any securities or derivatives thereof, of the Company;
- (h) Transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged.

*"Explanation: A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract."*

**As per Accounting Standards 18:**

- (i) transfer of research and development
- (j) license agreements
- (k) finance (including loans and equity contributions in cash or kind).
- (l) Guarantees and collaterals
- (m) Management contracts including for deputation of employees.

As per LODR Regulations:

**“Related Party Transaction”** means a transaction involving a transfer of resources, services or obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023;
- (iii) regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Provided that the following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the listed entity which are uniformly applicable/ offered to all shareholders in proportion to their shareholding: i. payment of dividend; ii. subdivision or consolidation of securities; iii. issuance of securities by way of a rights issue or a bonus issue; and iv. buy-back of securities.
- (c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized stock exchange(s).

**“Relative”** means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if –

- i. They are members of a Hindu undivided family ;
- ii. They are husband and wife ; or
- iii. Father (including step-father)
- iv. Mother ( including step-mother)
- v. Son ( including step-son)
- vi. Son’s wife
- vii. Daughter
- viii. Daughter’s husband
- ix. Brother ( including step-brother)
- x. Sister (including step-sister)

**“Subsidiary company”** or **“subsidiary”**, in relation to any other company (that is to say the holding company), means a company in which the holding company—

- (i) controls the composition of the Board of Directors; or
- (ii) exercises or controls more than one-half of the total *voting power* either at its own or together with one or more of its subsidiary companies:

#### **4. Policy**

All Related Party Transactions shall require prior approvals as envisaged in the policy in accordance with the applicable laws, rules and regulations.

##### **4.1 Identification of Potential Related Party Transactions**

The Company shall at all times maintain a database of Company's Related Parties containing the names of individuals and Companies, identified on the basis of the definition set forth in Definition Clause above, along with their personal/company details including any revisions therein.

Such database shall be updated whenever necessary and shall be reviewed at least once a year.

Company Secretary/Chief Financial Officer shall collate the information, coordinate and send the Related Party List to the concerned employees which may include Managing Director, Business Heads, Branch Heads, the Finance & Accounts Department and Statutory Auditors and who he believes might be in the position to conduct or know of the possible conduct of Related Party Transactions.

Functional departmental heads shall submit to the CFO and Company Secretary the details of proposed transaction with details/draft contract/ draft agreement or other supporting documents justifying the need of entering in to such transaction. Based on this note, Company Secretary will appropriately take it up for necessary prior approvals from the Audit Committee/Shareholders and convey back the decision to the originator.

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

#### **4.2 Prohibitions related to Related Party Transactions**

No related party transaction shall be entered in to or executed without prior approval of the Audit Committee, and/or the Board and/or prior approval of the shareholders through special resolution as may be required.

#### **4.3 Review and Approval of Related Party Transactions**

##### Prior approval of the Audit Committee

- I Irrespective of the materiality, prior approval of the Audit Committee will be sought for the following Related Party Transactions (RPTs):
  - a. Transactions between the Company and its Related Party
  - b. Transactions between the Company and Related Party of any of its subsidiary
  - c. Transactions between a subsidiary and Related Party of the Company
  - d. Transactions between a subsidiary and its Related Party if the annual value of all transactions of such subsidiary with that Related Party exceeds 10% of the annual consolidated turnover of the Company as per last audited balance sheet of the Company – applicable for financial year 2022-2023
  - e. Transactions between a subsidiary and its Related Party if the annual value of all transactions of such subsidiary with that Related Party exceeds 10% of the annual turnover of such subsidiary as per last audited balance sheet of the subsidiary – applicable for financial year 2023-2024
  - f. Transactions between the Company and/or its subsidiaries with unrelated parties, the purpose and effect of which is to benefit the Related Party of the Company or any of its subsidiaries – applicable from the financial year 2023-2024
  - g. Any material modification(s) to approved RPTs
  
- II However, the Audit Committee may grant omnibus approval for related party transactions proposed to

be entered in to by the Company subject to the following conditions.

- a. *The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.*
- b. *The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;*
- c. *Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contract price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit;*

*Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.*

- d. *Audit Committee shall review, atleast on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.*
- e. *Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year"*

#### Prior approval of the Board

If the proposed related party transaction is not in ordinary course of Business or not on arm's length basis, such transaction will require prior approval of Board as well, in addition to the Audit Committee approval.

#### Prior approval of the Shareholders through special resolution

1. *Shareholders' prior approval shall be sought for all the material related party transactions and subsequent material modifications thereto as defined by the Audit Committee. No member of the Company shall vote to approve on such resolution of shareholders, if such member is a related party.*

*Provided that prior approval of the shareholders of the Company shall not be required for a related party transaction to which the subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such subsidiary.*

*Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.*

2. *However, the requirement of Shareholders' resolution for material transactions with the related parties shall not be required for the transactions entered into between the Company and its wholly owned subsidiary Companies whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.*
3. *Appointment of any related party to any office or place of profit in Company/its subsidiaries/associate Company at a monthly remuneration exceeding two and half lakh rupees will require Shareholders' prior approval through special resolution.*
4. *Any transaction of sale/buy/lease of movable/immovable property exceeding 10% of net-worth as per the last audited financial statements of the company, in one financial year, with each related party will require Shareholders' prior approval through special resolution.*
5. *Any transaction with regard to remuneration for underwriting the subscription of any securities or derivatives thereof of the Company exceeding 1% of net-worth as per the last audited financial*

statements of the company, in one financial year, with each related party will require Shareholders' prior approval through special resolution.

To review a Related Party Transaction, the approving authority will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant documents as may be sought by the approving authority. In determining whether to approve a Related Party Transaction, the approving authority will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- ✓ Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- ✓ Whether the Related Party Transaction would affect the independence of an independent director;
- ✓ Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- ✓ Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- ✓ Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other
- ✓ Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the approving authority deems relevant.

For the transaction where Audit Committee approval is required, and if the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Notwithstanding anything contained herein, the following Related Party Transactions shall not require any approval under this policy:

- Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

## **5. Related Party Transactions not approved under this Policy**

Where any contract or arrangement is entered into by a director or any other employee of the Company with a related party, without obtaining the consent of the Board/Committee or approval by a special resolution in the general meeting, where required and if it is not ratified by the Board/Committee, as the case may be, by the Shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board/Committee, as the case may be, and if the contract or arrangement is with a related party to any director, or is authorized by any other director, the directors concerned shall indemnify the company against any loss incurred by it.



The Company may proceed against a director or any other employee who had entered into such contract or arrangement in contravention of this Policy for recovery of any loss sustained by it as a result of such contract or arrangement and shall take any such action, it deems appropriate.

## 6. Disclosures

- Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- Every related party transactions as approved by Board/Committee shall be referred to in the Board's report to the shareholders along with the justification for entering in to such transaction.
- The company shall disclose the policy on dealing with Related Party Transactions on its website and also a link of the same be shared in the Annual Report.
- *Disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges within 15 days from the date of publication of standalone and consolidated financial results for each half year and publish the same on its website.*
- *Provided further that the Company shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results with effect from April 1, 2023.*

This Policy will be communicated to all the KMPs and concerned employees of the Company and to other concerned persons as the Audit Committee/Board may deem fit, and that the same shall also be uploaded on website of the Company.

**Approval Date**  
May 27, 2022

**Effective Date**  
April 1, 2022

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