

Annexure – A to Directors' Report

Management's Discussions and Analysis

Economic and market overview

In 2018, the impact of the two transformative policies of the government of GST and demonetization was settling down. The economy was in recovery mode with GDP set to grow at 7.4 percent for FY 19, and India retaining the title of fastest growing economy in the world as per IMF estimates. The year ended with Consumer Price Index (CPI) inflation hitting 18-month low, eases to 2.2 percent in December. The January to November levels of IIP increased from 3 percent 2017 to 5 percent. The capital goods, electricity and the manufacturing sectors witnessed growth as numbers revealed for the same period of January to November in 2018.

The growth was mostly consumption driven and boosted by government's expenditure on infrastructure, awaiting revival of private sector expenditure. The decline in commodity prices helped boost Indian exports even at a time of global tensions for most of the year. India's overall exports (merchandise and services combined) in April-November 2018-19 are estimated to be USD 352 billion, exhibiting a growth of 15.5 percent over the same period in 2017. The Indian Rupee witnessed a volatile 2018. A few factors affecting the Rupee decline include a strong demand for the US dollar from banks and importers in the face of weak condition of regional Asian currencies against greenback, tighter monetary conditions in USA with the Fed hiking rates, rising crude oil import bills, and the Turkish currency crisis among others in the first half of the year.

On the regulatory front, stronger Insolvency and Bankruptcy Code aimed for a more time-bound and stringent process. This resulted in continued consolidation in sectors like cement and steel. The government also reduced timeline for commissioning of solar power projects by six months to accelerate renewable energy capacity addition.

The company continued its focus on the solid fundamentals at a time of brownfield opportunities. The growth windows offered in capital goods, limited revival in process industries, electricity and manufacturing were reflected in stronger order books. Brownfield investment brought greater attention to operational excellence initiatives putting the spotlight on digital solutions like process industries, pharma and food and beverage.

Operational overview

To support our customers at a time of unprecedented technological change, as the impact of various policy initiatives of the government are in the process of settling down, we continue to prepare ourselves to create value for our stakeholders through the best in class global technology portfolio and the three pillars of Next Level strategy of penetration, innovation and expansion.

During the year, the Company opened smart factories for power distribution products in Nashik and Bengaluru. A state of the art center for power technologies - Power Technology Experience Center (TEC) was also opened during the period under review. ABB Power TEC is a knowledge center with team of experts providing hands on training and learning in futuristic and current power engineering, power automation and digital technologies. Extensive technology deployment was also made for digital invoicing, deploying bots for finance functions and a dedicated online portal for payments. The Company also launched an extensive drive for Six Sigma certification of employees and to resolve problems by adopting best practices with 6s tools. Factories have been working on LEAN principles to reduce waste and cycle time while improving productivity. Deployment of smart dashboard technology to monitor care, customer, cost and cash while focusing on safety, customer suggestions, first pass yield (product quality), cost savings and payables plus receivables. The Company's manufacturing facilities were primed to sustain a double-digit growth in emerging areas of business and offerings like robotics, food and beverage, data centers, etc.

The ABB Group in 2018 completed the acquisition of GE Industrial Solutions. The year also witnessed landmark announcements of building the world's most advanced factory where robots will build robots. The first pilot for autonomous passenger ferry operations was also conducted transforming the marine industry. The year also marked the announcement of strategic partnerships of pioneers of ABB with Formula E and Nobel Media. Cementing its position in the electric mobility sphere, ABB also launched the world's fastest charger which can charge a car in 8mins for 200km.

2018 was also the year when ABB in India inked two strategic partnerships which will further research and create a connect between government and implementors in emerging technologies. The first one was with NITI Aayog to make key sectors of Indian economy ready for a digitalized future and realize the potential of AI, big data

and connectivity. The other was with Asia's oldest technical institution for R&D collaboration between ABB and IIT Roorkee to create platforms for research on various aspects of smart city technology deployment to make the historic campus as a model smart one. This agreement for technology collaboration also includes the creation of a Smart Grid Resource Center and support for PhD students. This will serve as a pilot project for the Government of India's Smart Cities Mission.

During the year, orders touched Rs 6729 crore as against Rs 5784 crore in the previous year excluding Power Grid, as the same is reported as discontinued business. In 2018, the Company posted a revenue of Rs 6690 crore, a growth of 10 percent, reflecting the technology push and the continued traction in transportation, digitalization and renewable energy.

Profit before tax grew substantially to Rs 395 crore in 2018 as compared to Rs 334 crore in the previous year mainly due to higher operational efficiency, lower material cost and investments towards entering newer markets. Profit after tax posted a growth of 13 percent at Rs 254 crore for the current year as compared to Rs 225 crore in the previous year. Consequently, the earnings per share for 2018 stood at Rs 12 per share as compared to Rs 10.64 per share in 2017 for continuing operations without PG.

Services

Service was a catalyst for digitalization in 2018. With continuing focus from customers on brownfield investments and productivity enhancement needs, digital service solutions were adopted by them across segments to drive efficiency and performance KPIs with an eye on sustainability and safety. Value based engagement with customers ensured that we continued the double-digit growth momentum for the period under review.

The year also witnessed the commissioning of the first enterprise-wide deployment of ABB Ability digital solutions for the Indian cement sector and customizing solutions for leading players in the forging sector. In an era of connected devices, it is imperative to collaborate and co-create for mutual and assured success. To this end, the Company deployed customer sector-centric initiatives and consultative approach to leverage on a strong foundation of huge installed base built over many decades. ABB now has more than 210 ABB Ability digital solutions across industry segments. ABB Ability™ brings together ABB digital devices, equipment and solutions and digital-enabling services and connects our customers to the power of the industrial internet of things to help turn data insights into the direct action that 'closes the loop' and generates customer value in the physical world.

During the year, key customers including the cement and petroleum majors recognized the Company for its service commitment. The state and public utilities, Vedanta Group, Indian Oil Corporation, Steel Authority of India

Limited (SAIL), ITC Ltd, Indian Railways, National Thermal Power Corporation (NTPC), Oil & Natural Gas Corporation (ONGC), MRF Ltd., extended their service engagement with the Company.

Exports

2018 was the year to sustain for Exports after having a landmark year in 2017. ABB India successfully achieved the same with a consistent performance and strong focus on short-cycle orders throughout the year. This reflected with a double-digit growth in base orders, year on year.

Besides the Indian sub-continent, there was a significant growth in orders from Middle East and Africa and this was the first year ever, when these orders contributed to one-fourth of total exports. Break-through came with Electrification Products and numerous small projects involving Industrial Automation. Automation and Electrification products and solutions exports grew by healthy double-digits in the period under review.

The renewable, specifically the solar segment, witnessed significant growth in addition to other industrial segments like cement and steel and this trend is likely to continue for the next couple of years.

Operational excellence

ABB has embarked on a transformative journey adopting the next level strategy to achieve profitable growth, relentless execution, and business-led collaboration. ABB has been driving industrial change for more than a century as a global pioneering technology leader. Because of our Next Level strategy, all our businesses are number one or two today in their respective markets.

To support the customers in a world of unprecedented technological change and digitalization, ABB will focus, simplify and shape the business for leadership. ABB during the year announced the divestment of Power Grids to Hitachi which will expand the existing partnership and strengthen Power Grids as a global infrastructure leader with enhanced access to markets and financing. To shape a leader focused in digital industries, the Company also announced four leading businesses aligned with customer patterns Electrification, Industrial Automation, Robotics & Discrete Automation (unique combination of B&R and robotics) and Motion (combining ABB's market-leading offering in motors and drives).

During the year, the Company adopted various initiatives across people and processes aimed at strengthening our position in an era of energy and the fourth industrial revolution. The focus was on implementing projects with digital value adds and ABB Ability solutions, simultaneously making the Company's internal processes smarter across functions with continued drive on quality and safety to consistently create value for our various stakeholders and the nation.

Outlook

The global markets are expected to moderate with impact of geopolitical uncertainties in US, UK markets, higher core inflation, tighter monetary policy and trade tensions. While reforms are likely to continue in the domestic market, the pace is set to slow down due to the national elections. The growth engine is expected to move to the states with the possible drivers in road, railways, waterways, airports, urban infrastructure (smart cities) and electric vehicles. Maintaining the momentum of growth for renewable energy with revised target is projected to provide business opportunities. The push on adoption of advanced digital technologies – big data and AI with technology to curb emissions and improve efficiency is projected to continue. The consolidation in the cement and steel sector could generate more demand for value chain focused technology adoption.

The Company will continue its value-based engagements with the customers while looking at modernization of existing capacities and adopting digitalization. The Company has built a compelling portfolio across the focus sectors of utilities, industries, and transportation and infrastructure. It will continue to drive business growth adopting innovations to bring value to the stakeholders.

Power Grids

Summarised performance:

Particulars	₹ in crore)	
	2018	2017
Orders	3,386	3,706
Order Backlog	5,884	7,699
Revenue	4,222	3,129
Results	422	308

ABB's Power Grids division offers products, systems, software, automation and service across the power value chain, leveraging the local manufacturing footprint and pool of expertise. Economic growth had slowed down earlier in 2018 due to demonetization and the rollout of GST. While industry capex was subdued, opportunities arose from government investment, and growth in solar and rail segments.

Our customer focused approach and initiatives under the internal 'Power Up' program focused on change and growth, helped us succeed in challenging market conditions. We saw orders coming in from various Engineering, Procurement and Construction (EPC) customers, as well as the metro and rail sector and sustained our leadership position in traction transformers. The division won the order for electrification of Mumbai Metro's line three, and for power quality solutions for the Indian Railway's Dedicated Freight Corridor project.

Our high voltage products and transformers made headway in export markets, with large orders booked for railway electrification and utilities in Tanzania and Azerbaijan. We made inroads into 60Hz markets, and secured open book procurement from PLN, Indonesia's national utility. Our grid automation business also made headway on export order booking.

Digitalization is top of mind for our customers, and we are leaders in the digital transformation of the power industry. Collaboration across business units and divisions and with ABB Ability Innovation Centre (AIC) resulted in C-suite engagement with utilities, transportation and industries. We showcased digital technologies with the launch of the state of the art training centre, ABB PowerTEC at Vadodara. Since then momentum has gathered and we have signed MoUs with academia and leading industry bodies for workshops with utilities and Cigre tutorials. We also signed a landmark MoU with a leading private utility on digitalisation of their infrastructure.

Over the past few years, initiatives to build awareness of leading edge technologies have resulted in successful orders and installations. We commissioned India's first digital substation for Technopark in Kerala and bagged additional digital substation orders from a western state utility. We also commissioned a microgrid at our facility in Vadodara and two microgrids that will power remote areas Gharoyapod and Pradhanbori.

A milestone success for Power Grids was when we received the taking over certificate from PGCIL for the North-East-Agra HVDC project, bringing a successful close to the world's first multi-terminal HVDC link. The RP800 (Raigarh - Pugalur) HVDC project which is in execution has reached the installation phase and received equipment from our factories in Vadodara including HVDC transformers circuit breakers that were developed specifically for this project.

Major orders booked during the year:

- Orders for over 400 traction transformers from various OEMs
- Over 150 trackside transformers for railway electrification from various EPCs
- 220/33KV AIS substation & GIS bay extension for a solar project in Rajasthan
- 7 X 500 MVA, 765kV transformers and reactors for a Southern utility
- Order for electrical balance of power for a solar project in Tamil Nadu
- 400/220kV switchyard at Chintalpudi lift irrigation project
- 400kV gas insulated switchgear for an Eastern state utility

Major orders successfully commissioned/supplied during the year:

- Commissioning of digital substation project in Kerala
- Successful commissioning of 400/230 kV substation for Power Grid Company of Bangladesh Ltd. at Bhulta, Bangladesh
- Successful commissioning of 66/11KV GIS grid substation at Karala, Delhi
- Commissioning of extension of 400kV Silchar (with GIS) S/S associated with North Eastern region strengthening scheme-IV
- Commissioning of 11 nos of 132kV substation in Rajasthan
- Successfully manufactured and delivered medium voltage power quality solution for largest solar park (2 GW+) in the world in Abu Dhabi
- 800 kV DC filter capacitors for HVDC application successfully type tested manufactured and delivered.
- Successful commissioning of India's largest 765KV, 945MVA generator transformer bank
- Supply of 172 locomotive transformers and 280 EMU transformers to various OEMs for railways
 1. Supply of 24 STATCOM transformers & successful commissioning of 1st bank of statcom transformers
 2. Supply of 400kV 63kA circuit breaker for RP800 HVDC project
 3. Supply of 67 bays of 400 kV GIS for RP 800 HVDC project
 4. Supply of 800 kV and 400 kV transformers for RP HVDC 800 project

Outlook

It has been a year of major milestones, culminating in the announcement of the joint venture between Hitachi and ABB's Power Grids division. This heralds a positive future, with the combined strengths of both companies. Hitachi will strengthen Power Grids as the partner of choice for a stronger, smarter and greener grid, providing access to new and growing markets as well as project financing. The transaction is expected to close in Q2, 2020. In order to sharpen the market focus and growth strategy, the Company, during the year, discontinued its EPC substation business.

On the market side, we expect government spending to subside due to the forthcoming general elections, which will result in reduced opportunity from central utilities. Industry capex revival is seen post elections. Renewables and rail will continue to be areas of growth. We expect prices to remain under pressure due to competition and the desire of government for a lower price discovery in rail and solar projects. We are confident that we have the expertise and footprint to build on the momentum and power ahead.

Industrial Automation

Summarised performance:

Particulars	(₹ in crore)	
	2018	2017
Orders	1,701	1,525
Order backlog	1,336	1,155
Revenue	1,540	1,409
Results	190	170

Segment Performance

Improved investments in some of the core sectors of mining and increased investment potentials in steel sectors reflected on the orders booked. Due to high level of business sentiments in this area with more focus on OPEX and efficiency, growth is evident in some of the traditional sectors.

Exports, mainly in the African subcontinent is showing increased focus with government policies supporting the Make in India concept with export thrust helped in more investments. Also, markets in Europe and Middle East have shown growth in the traditional sector which has helped in accessing orders in our bouquet.

With Cement, Oil and Gas and other sectors witnessing growth and potential prospects, the local demand in Food and Beverage and Pharma sectors continue to grow both in domestic and international markets.

New growth areas of digitalization led to significant order intake. Initial investments made by some of the core sectors in cement and steel showing increased demands in our software support services and capacity addition by way of our products in measurement and analytical products gained strong market hold. Specific investments were made in power and water sectors through focused marketing efforts.

Oil & Gas sector which was muted for a couple of years showed signs of improvements by way of our capabilities in transportation and safety services coupled with our software solutions helping customers in energy efficiency.

In the Transportation segment, the turbocharging business secured a good market share with better investments. With the increased market presence in the subcontinent, we could cater to the Railways as well as Shipping businesses with high-end Turbo solutions as well as increasing our service capabilities with increased product support.

Power generation segment continued to face challenges with stalling of projects under execution, low plant load factor and falling investment in new thermal capacity addition which impacted our specialized equipment. The market in renewables is increasing and thus supporting our solutions in the new market growth potential.

Major orders booked during the year:

- A full solution of engineering, supply and commissioning of a Cement Plant in Central Africa.
- Package to build and deliver a telecom solution in the system development in long range petroleum transportation in the Oil and Gas sector.
- Engineering, supply, testing, installation and commissioning for automation and instrumentation for Steel Plants in Europe and Asia
- Automation of Oil Transport process in Africa.

Segment outlook

The segment continues to focus on improving internal operational efficiencies including implementation of digitalization solutions to improve customer responsiveness. Several digitalization solutions are on the anvil to help strengthen the core offering and make the segment more competitive.

New business streams in the Oil & Gas domain will help drive growth in the coming years. Growth in the steel segment will be primarily driven by exports and better engagement with overseas OEMs.

There is a huge focus in the hydro sector for the power automation business with an added emphasis on helping older power plants become digital-ready.

The water segment will be the prime driver for the instrumentation portfolio, in addition to the power and Oil & Gas segment.

The F&B and Pharma segment continue to be huge focus areas for the automation business as the two segments are slated for two-digit growth – offering huge opportunities to penetrate and expand the automation portfolio.

Robotics & Motion

Summarised performance:

Particulars	₹ in crore)	
	2018	2017
Orders	2,637	2,008
Order Backlog	1,860	1,723
Revenue	2,502	1,936
Results	221	163

The division demonstrated quarter on quarter profitable growth, keeping the customer-first approach and business fundamentals in the right direction.

All three businesses– drives, motors & generators, robotics - registered strong performance with increased penetration in transportation, Food and Beverage (F&B), HVAC, metal, COG, water and wastewater segments. Its presence in the automotive segment was strengthened with robotics business making headways into new projects. To boost business further, the division leveraged ecommerce platforms and listed products to serve new markets, particularly tier II and tier III.

A healthy order book and focused execution combined with right product mix helped improve margins. Top line was helped by the traction convertor orders and a notable success - breakthrough order for traction motors for the Indian Railways. Supporting the government's initiatives in renewable energy, the drives business commissioned total 1 GW of solar SCADA.

Leveraging digitalization offerings for the Indian customers, the division sold over 300 motor smart sensors for diverse industries and is remotely monitoring more than 430 drives from company's Peenya facility.

Proudly associated with another milestone project – the Statue of Unity, world's tallest structure, in Kevadia, Gujarat, ABB's energy efficient drives are ensuring the tourists and employees at the facility stay comfortable and safe with climate control and ventilation solutions.

After Kerala's severe floods, the motor service team swiftly repaired the generator at Kuthungal Hydro Electric Plant, returning power to over a million people in the Idukki district.

New technology, product range, and capacity expansion activities during the year:

- Introduced low harmonics drives for premium health care institutes
- Launched ACQ580 drives for water and wastewater applications
- Increased manufacturing capacity of LV motors to meet local demand and MEA export markets
- Introduced new modular vertical induction, next generation TEFC and hazardous area MV motors

Major orders booked during the year:

- Propulsion system and composite converter orders from Chittaranjan Locomotive Works (CLW) and Diesel Locomotive Works(DLW), Varanasi
- Bagged one of its largest motor order - of traction motors for the Indian railways through an OEM
- More than 11,000 solar pump drives sold
- Robotics business received breakthrough orders from food and beverage customers and its first paint sealant project from a Japanese OEM

Segment outlook

Light industries such as F&B, HVAC, textile etc., are showing strong growth potential. Electrification in railways is supporting the traction segment and government's push on infrastructure projects has helped in sustaining growth momentum in the heavy industries where ABB is offering its energy efficient products for the metal and cement industries. However, the growth outlook on wind has not been as expected but ABB, being one of the largest wind generators, is well poised to serve the wind market. The division's product portfolio is well aligned to leverage positive factors in the market and support customers with cost effective and energy efficient solutions.

Awards and recognition

Recognition received from a renowned MNC manufacturer of sustainable and innovative industrial productivity solutions for compressors, gases, and other industrial and assembly tools.

Electrification Products

Summarized performance:

Particulars	₹ in crore)	
	2018	2017
Orders	2,754	2,481
Order backlog	1,337	1,170
Revenue	2,616	2,439
Results	250	281

EP Division continued its growth trend keeping its focus on developing market share by customer-centric activities. We continue to expand our product offering with the addition of new products and strong sales channel management, leading to market penetration. Our continued emphasis on local manufacturing is resulting in quicker market access and strong on-time delivery performance. Our capacity utilization on some of our lines has been at an all-time high. This has been the year of technology absorption, adaptation and innovation efforts, with a new product, launches like the Emax 2, DC Fast charger, Switches – Ivie & tvisha, DB – Itus & Honora.

Highlights during the year:

- A leading tyre manufacturer deploys ABB Ability remote digital monitoring technology, reinforces industry 4.0 for the Indian tyre industry: ABB Ability MyRemoteCare digital solution for medium voltage power distribution will increase efficiency, reliability while minimizing downtime in the manufacturing processes in one of the fastest growing tyre markets in the world
- ABB's Compact Secondary Substations (CSS) powers up the longest rail-cum-road bridge in India: The 4.94 km long Bogibeel bridge inaugurated by Honorable Prime Minister Narendra Modi uses ABB's Compact Secondary Substation (CSS) to receive reliable power supply.

- ABB opens new factory in Nashik for power distribution products. The smart factory will actively promote the drive to 'Make in India', exporting power products across the world, improving power distribution across sectors.
- ABB opened its first smart factory in south India for electrical safety and energy efficiency solutions at Nelamangala in March 2018. This smart factory through continuous monitoring and interconnected processes enables visualization of operation data of the shop-floor on a screen along with the operator's skills matrix
- Launched world's fastest electric vehicle charger during MOVE Summit

Key Successes

- Effective partnerships and leveraging eco-systems: MoUs with NITI Aayog to promote advanced technologies & IIT Roorkee for smart power distribution
- Indian International Stadiums: Stable and reliable power management for sports stadiums – hockey stadium – Kalinga Stadium at Bhubaneswar, which hosted the World Hockey Championships and Lucknow cricket stadium where Rohit Sharma scored his 4th T20 International century.
- Re-Energizing Indian Railways: ABB provided solar inverters to 750 railway stations to reduce dependence on traditional energy sources along the northern line – one of the world's highest-traffic rail corridors.
- Global feeder factory for Solar invertors in India fully implemented. Orders from several countries including US, Japan, Switzerland, Finland etc have started coming.

The division will continue to focus on the customer, geographic and segment coverage, providing our customers with the latest in technology and innovation through locally produced products and solutions. Segments like Water, Datacenters, Pharma, Hospitality, Healthcare and F&B will continue to be at crucial for bringing stronger growth.

Human Resources

The Company's Human Resources function continues to be a valued contributor to success of the business. The company continues to attract top performers due to its inclusive culture and the opportunities available for growth. The people strategy is aligned with the Company's overall ambition to be a pioneering technology leader. This required continuing to provide a stable work environment in a growing market and maximizing the potential of the Company's workforce. To ensure we continue to attract top talent, multiple employer branding initiatives were launched.

During the year, the Company has consistently set a clear path to learn and adapt to perform better in the changing market situation with its enhanced performance management and talent strategy, focusing on building a healthy pipeline by attracting, assessing and developing talent. In addition, focused attention to providing an inclusive environment to promote diversity in gender, age

and culture, inculcating a learning culture within the teams, including opportunities for global mobility, were introduced to manage talent in key function areas. The Company's competency model - Values Pairs, have been aligned with the business strategy. A renewed focus on learning and development was established with the learning and development team through the implementation of learning journeys and programs targeting the different layers within the organization.

In 2018, the Company launched a reward and recognition program to recognize exceptional performance and behavior in line with organizational values. There was continuous focus on improving the diversity in the workforce throughout the year. The entire approach to wellbeing was based on increasing diversity, promoting learning for growth and recognizing performance. Annual medical checkups and camps were set up through the year to promote physical wellbeing.

Industrial relations remained cordial and harmonious across all manufacturing locations. A continued focus was ensured on the governance of various processes and initiatives across the organization. At the close of the year, the Company had 5,531 permanent employees, as against 5,590 in the previous year.

Finance

Despite the significant cut in the interest rates by the RBI during the second half of the year, the liquidity in the market remained tight. In addition to limited funding, the existing capacity glut translated to even lesser investment by industries in greenfield and brownfield projects. In addition, the Company's reputation in the market and long-term goodwill with leading banks ensured advantageous arrangements of various finance facilities. In 2018, the interest cost borne by the Company was Rs. 76.60 crore compared to Rs. 77.31 crore in 2017. As of December 31, 2018, the Company had the net cash balance of Rs. 1462 crore. In terms of foreign currency exposure – for imports and exports – the Company continued to conservatively hedge at the point of commitment to protecting the contract margins. The Company has adopted Ind AS, accounting standards.

Internal control systems and Integrity

Internal Controls in the Company has been designed to further the interest of all its stakeholders by providing an environment, which is conducive to conduct its operations. In doing so, the Company's Internal Control environment

has evolved over a decade to take care of, inter alia, financial and operational risks. The department owns a holistic Internal Control framework comprising of elements like Country Management Committee, Group Directives and Instructions, Local Management Instructions, Process and Entity-Level Controls, Enterprise Risk Management, Local Direct Management Testing Programs, and a strong emphasis on integrity and ethics as a part of work culture. An independent service provider, having expertise in the field, has performed current year's Internal Financial Control effectiveness testing. Effective Statutory & Legal Compliance System is in place in the Company.

A well-organized Group level tool (GRCM) is available to handle testing, Internal Audit Issues, deficiency tracking, etc. Further, the in-house independent Internal Audit team acts as a pillar to support our control objectives. ABB India also has a well-functioning Whistle Blower Policy in place to report any misdoing. Internal Control framework of ABB India is aligned with one of the most matured IC frameworks – COSO 1992 and then transitioned to COSO 2013. The current framework is also in line with the Internal Finance Control (IFC) requirement of The Companies Act, 2013.

Risk management

The Company has a Risk Management Charter and Policy, which provides an overall framework for Risk Management (RM) in the Company.

The key elements of the company's risk management framework have been captured in the risk management policy, which details the process for identifying, escalating, prioritizing, mitigating and monitoring key risk events and action plans. The assessment of the risks covers areas of Strategy, Technology, Finance, Operations and Systems, Legal & Regulatory and Human Resources Risks. There are appropriate assurance and monitoring mechanisms in place to monitor the effectiveness of the risk management framework including the mitigation plans identified by the management for key risks identified through the risk management exercise.

The Company's existing framework provides for risk reviews at various levels based on company's organizational structure matrix. Periodic assessment of risks, potential impact relating to business growth, profitability, talent engagement, and market position are conducted. Response to key operational risks, based on inputs received from the internal and external assessment, internal audit, performance review etc. are done on a regular basis.