

# Annexure - G to Directors' Report

## Report on Corporate Governance

### 1. Corporate Governance Philosophy

The Company is committed to good Corporate Governance. The Company fully realises the rights of its shareholders to information on the performance of the Company and considers itself a trustee of its shareholders. The Company provides detailed information on various issues concerning the Company's business and financial performance to its shareholders. The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedicate itself for increasing long-term shareholder value, keeping in view the needs and interests of all its stakeholders. The Company is committed to transparency in all its dealings and places emphasis on business ethics.

### 2. Board of Directors

- I The Board consists 6 Directors viz., three Independent and three Non-independent, out of which, one Independent Director is a woman Director. Out of three Non-independent Directors, one is a Managing Director, which is in conformity with the requirement of Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). The Chairman of the Board is a Non-executive and Non-independent Director.
- II Except the Managing Director, two other Non-executive, Non-independent Directors are liable to retire by rotation. In the ensuing Annual General Meeting, Mr. Morten Wierod (DIN: 08753868), Non-executive, Non-independent Director, who is retiring by rotation at this Annual General Meeting has opted for re-appointment. There is no relationship between the Directors inter-se. The Company has three Independent Directors. Out of which, Mr. V K Viswanathan was appointed for a period of three years effective November 13, 2019 and Mr. Darius E. Udawadia and Mrs. Renu Sud Karnad were appointed for a period of three years effective May 6, 2020.

- (i) Composition/ Category of Directors/ Attendance at Meetings/ Directorships and Committee Memberships in other companies as on December 31,2020.

| Name                             | Category <sup>(1)</sup> | Attendance                      |                         |                     | Directorship in other Indian Companies <sup>(2)</sup> | Committee Membership / Chairmanship in Public Companies <sup>(3)</sup> |          |
|----------------------------------|-------------------------|---------------------------------|-------------------------|---------------------|---|--|----------|
|                                  |                         | Board meetings held during 2020 | Board meetings attended | Last AGM attendance |   | Member   | Chairman |
| Mr. J C Deslarzes (Chairman)     | NED                     |                                 | 7                       | Yes                 | Nil   | Nil  | Nil      |
| Mr. Sanjeev Sharma               | MD                      |                                 | 7                       | Yes                 | 4   | 1  | Nil      |
| Mr. Darius E. Udawadia           | NED (I)                 | 7*                              | 6                       | Yes                 | 7   | 3  | 1        |
| Mrs. Renu Sud Karnad             | NED (I)                 |                                 | 7                       | Yes                 | 9   | 6  | 3        |
| Mr. V K Viswanathan              | NED (I)                 |                                 | 7                       | Yes                 | 7   | 2  | 6        |
| Mr. Morten Wierod <sup>(4)</sup> | NED                     |                                 | 3                       | Yes                 | Nil   | 1  | Nil      |

- (1) Category: NED: Non-executive Director, MD: Managing Director, NED (I): Non-executive Director and Independent.
- (2) Includes directorships in private limited companies and Section 8 (Not for profit) companies. None of the Directors of the Company hold independent directorships in more than 7 listed companies.
- (3) Includes only Audit Committee and Stakeholders Relationship Committee of public limited companies. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees across all listed companies in which they are Directors.

(4) Appointed as Director with effect from June 19, 2020.

\* In addition, one meeting of Independent Directors was held during the year.

NOTE: All Independent Directors fulfill the requirements stipulated in Regulation 25 (1) of the Listing Regulations.

(ii) No. of Board Meetings held in the Financial Year 2020 and dates on which held.

7 Board meetings were held during the Financial Year 2020 i.e., on February 12, March 9, May 13, June 19, July 23, November 5 and December 17, 2020.

In addition, one meeting of Independent Directors was held on December 17, 2020.

(iii) Except Mr. Darius E. Udawadia, who is holding 3,500 equity shares, no other Director holds equity shares in the Company.

(iv) The Independent Directors, who are from diverse fields of expertise, have long standing experience and expert knowledge in their respective fields of professions, which are very relevant as well as of considerable value for the Company's business. As a part of familiarization programme as required under Listing Regulations, the Directors have been appraised during the Board Meetings about the amendments to the various enactments viz., Companies Act, 2013 (the Act) and Listing Regulations. Since these being an information about the enactment / updates in the laws / regulation, no separate material has been uploaded in the website.

During the year under review, the Company conducted a familiarization programme to Mr. V K Viswanathan, Independent Director who was inducted on the Board during 2019. Other Independent Directors are continuing on the Company's Board since long and hence the requirement of familiarization programme as required under the Listing Regulations does not arise.

(v) The terms and conditions of appointment of the Independent Directors are disclosed in the Company's website at [www.abb.co.in](http://www.abb.co.in)

(vi) Independent Directors of the Company have provided declarations as required under the Companies Act, 2013 and listing regulations. The Board has noted the said declarations and opinion that all Independent Directors fulfill the conditions of independence and are independent of the management of the Company.

(vii) During the year, a separate meeting of the Independent Directors was held on December 17, 2020, without the presence of Non-executive Directors / Managing Director / Management to discuss the matter as required / agreed amongst them.

(viii) Further the Board periodically reviews the compliance reports submitted by the management in respect of all laws applicable to the Company.

(ix) Certificate from practicing Company Secretary on eligibility of the Board of Directors to serve as Directors is enclosed to this report.

### III Names of the listed entities where the person is a Director and the category of directorship.

| Name of the Director         | Names of the listed entities                 | Category of directorship       |
|------------------------------|--|--------------------------------|
| Mr. J C Deslarzes (Chairman) | ABB India Limited                            | Non-executive, Non-independent |
| Mr. Sanjeev Sharma           | ABB India Limited                            | Executive, Non-independent     |
|                              | ABB Power Products and Systems India Limited | Non-executive, Non-independent |
| Mr. Darius E. Udwadia        | ABB India Limited                            | Independent                    |
|                              | JM Financial Limited                         | Independent                    |
| Mrs. Renu Sud Karnad         | ABB India Limited                            | Independent                    |
|                              | Housing Development Finance Corporation Ltd. | Executive, Non-independent     |
|                              | HDFC Asset Management Co. Ltd.               | Non-executive, Non-independent |
|                              | HDFC Bank Limited                            | Non-executive, Non-independent |
|                              | HDFC Life Insurance Co. Ltd.                 | Non-executive, Non-independent |
|                              | Glaxo SmithKline Pharmaceuticals Limited     | Non-executive, Independent     |
| Mr. V K Viswanathan          | Unitech Limited                              | Nominee                        |
|                              | ABB India Limited                            | Independent                    |
|                              | Bharti Airtel Limited                        | Independent                    |
|                              | HDFC Life Insurance Company Limited          | Independent                    |
|                              | KSB Limited                                  | Independent                    |
|                              | Magma FinCorp Limited                        | Independent                    |
| Mr. Morten Wierod            | United Spirits Limited                       | Independent                    |
|                              | ABB India Limited                            | Non-executive, non-independent |

### IV Board's core skills / expertise / competencies:

For effective functioning of the Board, your Company's Board needs to have skills/expertise/competencies in the areas of Business, Finance & Accounting and Governance/Legal. Your Company's Board comprises of people from diverse fields and across Globe. Your Company's Directors are qualified and possess the appropriate knowledge, skills, experience, expertise, diversity and independence, covering Business, Finance & Accounting and Governance/Legal. In the table given below, various skills / expertise / competencies of Board of Directors are given:

| Sl No. | Name of Directors                               | Areas of skills / expertise / competencies |                      |                  |
|--------|---|--|----------------------|------------------|
|        |   | Business                                   | Finance & Accounting | Governance/Legal |
| 1.     | Mr. Morten Wierod (Chairman - w.e.f 10.02.2021) | ✓  |                      |                  |
| 2.     | Mr. Sanjeev Sharma                              | ✓  |                      |                  |
| 3.     | Mr. V K Viswanathan                             |  | ✓                    | ✓                |
| 4.     | Mr. Darius E. Udwadia                           |  |                      | ✓                |
| 5.     | Mrs. Renu Sud Karnad                            | ✓  | ✓                    | ✓                |
| 6.     | Ms. Maria Rosaria Varsellona (w.e.f 10.02.2021) |  |                      | ✓                |

### 3. Audit Committee

#### (i) Terms of Reference

The Audit Committee acts on the terms of reference given by the Board pursuant to Section 177 of the Act and Regulation 18 of the Listing Regulations.

The terms of reference are briefly described below:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending the Board, appointment, re-appointment, replacement or removal (in the event of necessity) of Statutory Auditors, Cost Auditors and / or any other auditors including fixation of remuneration;
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a) matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of sub-section (5) of Section 134 of the Act;
  - b) changes, if any, in accounting policies and practices and reasons for the same;

- c) major accounting entries involving estimates based on the exercise of judgment by management;
  - d) significant adjustments made in the financial statements arising out of audit findings;
  - e) compliance with listing and other legal requirements relating to financial statements;
  - f) disclosure of any related party transactions; and
  - g) qualifications in the draft audit report.
- Reviewing, with the management:
    - the quarterly financial statements before submission to the Board for approval;
    - performance of Auditors, Internal Auditors, adequacy of the internal control systems;
  - Review and monitor the auditor's independence and performance and effectiveness of audit process;
  - Review the adequacy of Internal Audit function including the structure of the internal audit department, staffing and seniority of the head of the department, reporting structure coverage and frequency of internal audit;
  - Approval or any subsequent modification of transactions of the Company with the related parties;
  - Approval on appointment of Chief Financial Officer including the Wholetime Director-Finance or any other person heading the finance function or discharging that function after assessing the qualification, experience and background etc., of such incumbent;
  - Reviewing the proposal for discontinuation / closure of any of the business operations of the Company;
  - Scrutiny of inter-corporate loans and investments;
  - Valuation of undertakings or assets of the Company, wherever it is necessary;
  - Monitoring the end use of funds raised through public offers and related matters;
  - Review proposal for mergers, demergers, acquisitions, carve-outs, sale, transfer of business and its valuation report and fairness opinion, if any, thereof;
  - Evaluation of internal financial controls and risk management systems;
  - Discussing with internal auditors any significant findings and follow up thereon;
  - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
  - Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  - To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  - Review the functioning of the Whistle Blower mechanism.
  - Carry out such other functions as may be delegated by the Board from time to time.
  - Review various investment proposals before the same is submitted to the Board of Directors and also to review the guidelines for investing surplus funds of the Company;
  - To appoint valuers for the valuation of the undertakings or assets of the Company, wherever it is necessary including stocks, shares, securities, goodwill or any other assets or net worth of a Company or liability of the Company under the provisions of the Act.

In addition to the above, the following items will be reviewed by the Audit Committee:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions, (as defined by the Audit Committee) submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- Appointment, removal and terms of remuneration of the chief internal auditor.

The Audit Committee is vested with the necessary powers to achieve its objectives.

The Committee has discharged such other role/function as envisaged under Regulation 18 (3) read with Part C of Schedule II of the Listing Regulations and the provisions of Section 177 of the Act.

The Chairman of the Audit Committee was present at the last AGM (70th Annual General Meeting held on July 24 2020).

**(ii) Composition, names of members & Chairperson, meetings held during the year and attendance at meetings**

The Audit Committee presently consists of four Non-executive Directors, out of which three are Independent Directors. The Committee has held seven meetings during the Financial Year 2020 i.e., on February 12, March 9, May 13, June 19, July 23, November 5 and December 17, 2020. The composition of the Audit Committee as on December 31, 2020 and the attendance of members at the meetings held during the Financial Year 2020 were as follows:

| Members of the committee                              | No. of meetings attended |
|---|--------------------------|
| Mr. V K Viswanathan (Independent Director) (Chairman) | 7                        |
| Mr. Darius E. Udawadia (Independent Director)         | 6                        |
| Mrs. Renu Sud Karnad (Independent Director)           | 7                        |
| Mr Morten Wierod (w.e.f. 19.06.2020)                  | 3                        |

Mr. B Gururaj, Company Secretary is the Secretary to the Audit Committee.

**4. Nomination and Remuneration Committee**

**(i) Terms of Reference**

The terms of reference and Role of the Nomination and Remuneration Committee are as per the provisions of Section 178 of the Act and Regulation 19 of the Listing Regulations which includes formulating the criteria to:

- Determine qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- Recommending to the Board on remuneration, performance bonus etc., payable to the Executive Director(s)/ Managing Director, Commission payable to Independent Directors.

The policy is framed by the Nomination and Remuneration Committee and approved by the Board. The terms and conditions of appointment are disclosed in the website of the Company at [www.abb.co.in](http://www.abb.co.in)

**(ii) Composition, name of members & Chairperson, meetings held during the year and attendance at meetings.**

The Nomination and Remuneration Committee presently consists of three Non-executive Directors, two being independent. The Chairman is a Non-executive and Independent Director. The Committee has held two meetings during the Financial Year 2020 i.e., on February 12 and March 9, 2020. The composition of the Nomination and Remuneration Committee as on December 31, 2020 and the attendance of members at the meeting held during the Financial Year 2020 were as follows:

| Members of the Committee                              | No. of meetings attended |
|---|--------------------------|
| Mr. V K Viswanathan (Chairman) (Independent Director) | 2                        |
| Mrs. Renu Sud Karnad (Independent Director)           | 2                        |
| Mr. J C Deslarzes                                     | 2                        |

**(iii) Remuneration Policy / Criteria for payments to Directors / Senior Management Employees**

The Company has a credible and transparent policy in determining and accounting for the remuneration of the Executive/ Non-executive Independent Directors. Independent Directors' remuneration is governed by the external competitive environment, effective participation in the meetings, comparable industry standards. The remuneration determined for the Executive/Independent Directors is subject to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors.

The Board and the Nomination and Remuneration Committee also reviewed the performance of the Board on the basis of the criteria such as the contribution of the individual director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

The Non-executive Independent Directors are compensated by way commission and the criteria being their attendance in the Board/ Committee Meetings.

As a policy, the Non-executive, Non-independent Directors are neither paid sitting fee nor paid any commission.

The Independent Directors are entitled to sitting fees for attending the Board / Committee Meetings. Sitting fees for Board and Audit Committee Meetings is ₹20,000/-per Director per meeting and for other Committees, viz., Corporate Social Responsibility, Stakeholders Relationship, Nomination and Remuneration and Risk Management, the sitting fees is ₹10,000/- per Director per meeting.

The remuneration payable to the Managing Director and Senior Management personnel including KMP are structured as fixed and variable components. The fixed remuneration comprises salaries, perquisites and retirement benefits and the variable component comprises annual performance bonus which is linked to the achievement of the score card fixed at beginning of the year.

#### 5. Details of remuneration to all the Directors paid during the Financial Year 2020

(₹ in Lakh)

| Name                     | Sitting fees | Salary & perquisites | Commission * | Stock option | Pension |
|--------------------------|--------------|----------------------|--------------|--------------|---------|
| Mr. Sanjeev Sharma       | Nil          | 757                  | NA           | Nil          | Nil     |
| Mr. Nasser Munjee        | 2.20         | Nil                  | 35.33        | Nil          | Nil     |
| Mr. Darius E. Udwadia    | 2.70         | Nil                  | 27.88        | Nil          | Nil     |
| Mrs. Renu Sud Karnad     | 3.60         | Nil                  | 37.00        | Nil          | Nil     |
| Mr. Tarak Mehta          | Nil          | Nil                  | NA           | Nil          | Nil     |
| Mr. J C Deslarzes        | Nil          | Nil                  | NA           | Nil          | Nil     |
| Mr. V K Viswanathan      | 3.10         | Nil                  | 6.22         | Nil          | Nil     |
| Ms Diane de Saint Victor | Nil          | Nil                  | NA           | Nil          | Nil     |
| Mr Morten Wierod         | Nil          | Nil                  | NA           | Nil          | Nil     |

\* Commission for the financial year 2019 paid during the financial year 2020.

\*\* In addition to the Salary / Perquisites mentioned above, as per Management Incentive Program (MIP) and Long Term Incentive Plan of ABB Group (which conditionally grants Options / Warrant appreciation rights / Equity shares of ABB Group Company to selected key employees), the Managing Director being one of the key employee is entitled to both programs.

Commission to Independent Directors:

1. For Board Meetings: a fixed amount of ₹ 25 lakh per Independent Director based on 100% participation by way of attendance in the meetings.
2. For Committee Meetings: a fixed amount of ₹ 3 lakh per Independent Director based on 100% participation by way of attendance in the meetings.
3. For Chairman of the Audit Committee: a fixed amount of ₹ 8 lakh for 100% participation by way of attendance in the meetings.

The above commission payable to Independent Directors of the Company shall however not exceed in the aggregate 1% per annum of the net profits of the Company computed in the manner laid down in the Act. The Board authorizes the Chairman to determine the amount payable to the eligible Independent Director.

#### Fixed Component / Performance Linked Incentive / Criteria

Performance related Bonus is payable to the Managing Director only as per the terms of Contract entered into between the Company and the Managing Director.

### Service Contract / Notice Period / Severance Fees

- a) The Contract of Service entered into by the Company with Mr. Sanjeev Sharma, Managing Director, provides that the Company and the Managing Director shall be entitled to terminate the agreement by giving six months' notice in writing on either side.
- b) No severance fee is payable by the Company to the Managing Director on termination of the agreement/s.

### Stock Option

The Company does not have stock option scheme therefore the same is not applicable.

Except Mr. Darius E. Udwardia, who is holding 3,500 equity shares, no other Director hold equity shares in the Company. There are no convertible instruments issued by the Company.

None of the Non-executive Directors has any pecuniary relationship or transactions with the Company.

## 6. Stakeholders Relationship Committee

The said Committee has been authorized to approve the transfer/transmission/ transposition of shares and issue of duplicate share certificates.

In order to expedite the process, the Board of Directors has also delegated the authority severally to the Managing Director and the Company Secretary to approve the share transfers/transmissions and accordingly, the Managing Director or the Company Secretary approve the transfer/transmission of shares as and when required from time to time.

Four meetings of Committee were held during the Financial Year 2020 i.e., on February 11, May 13, July 23 and November 5, 2020.

The Committee is chaired by Mr. Darius E. Udwardia – Independent Director. Mr. B Gururaj – Company Secretary is the Secretary to the Committee.

The composition of Stakeholders Relationship Committee as at December 31, 2020 and attendance of members at the meetings held during the Financial Year 2020 were as follows:

| Members of the Committee                                 | No. of meetings attended |
|--|--------------------------|
| Mr. Darius E. Udwardia (Chairman) (Independent Director) | 3                        |
| Mrs. Renu Sud Karnad (Independent Director)              | 3                        |
| Mr. Sanjeev Sharma                                       | 4                        |

Except certain cases pending in Courts/ Consumer Forums relating to disputes over the title of shares, in which the Company has been made a party, all the investor grievances/correspondences have been promptly attended to from the date of their receipt. Continuous efforts are made to ensure that grievances are more expeditiously redressed to the complete satisfaction of the investors.

The details of investors' complaints received and resolved during the Financial Year 2020 are as under:

| No. of investors' complaints received during 2020 | No. of investors' complaints resolved during 2020 | Investors' complaints pending at the end of 2020 |
|---|---|--|
| 67  | 67  | NIL  |

## 7. Risk Management

The Company has in place a mechanism to inform Board Members about the risk assessment and minimization procedures and review to ensure that executive management controls risks by means of a properly defined frame work. The Company has formulated a Policy on Risk Management and constituted a Risk Management Committee.

One meeting of Committee was held during the Financial Year 2020 i.e., on November 5, 2020.

The Committee is chaired by Mr. V K Viswanathan - Independent Director. Mr. B. Gururaj, Company Secretary is the Secretary to the Risk Management Committee.

The composition of Risk Management Committee as at December 31, 2020 and attendance of members at the meetings held during the Financial Year 2020 is provided as follows:

| Members of the Committee                              | No. of meetings attended |
|---|--------------------------|
| Mr. V K Viswanathan (Independent Director) (Chairman) | 1                        |
| Mr. J C Deslarzes                                     | 1                        |
| Mr. Sanjeev Sharma                                    | 1                        |
| Mr. T. K. Sridhar                                     | 1                        |

## 8. Corporate Social Responsibility Committee

Pursuant to Section 135 of the Act, a Corporate Social Responsibility (CSR) Committee of the Board has been constituted.

Four meetings of Committee were held during the Financial Year 2020 i.e., on February 11, May 13, July 23 and November 5, 2020.

The Committee is chaired by Mrs. Renu Sud Karnad – Independent Director. The composition of Committee as at December 31, 2020 and attendance of members at the meetings held during the Financial Year 2020 were as follows:

| Members of the Committee                                  | No. of meetings attended |
|---|--------------------------|
| Mrs. Renu Sud Karnad (Chairperson) (Independent Director) | 3                        |
| Mr. Sanjeev Sharma  | 4                        |
| Mr. Morten Wierod (W.e.f. 19.06.2020)                     | 2                        |

The Company has formulated a Policy for its CSR and also identified the following key areas for undertaking CSR activities:

- Education and skills enhancement: To provide facilities and assist promotion of primary education among children and impart skills training to the youth;
- Healthcare: To support and augment on-going national initiatives in health, hygiene and healthcare systems;
- Environment and local safeguard: To undertake greening and environmental initiatives in the community;
- Differently-abled: To catalyze skills training and employment opportunities for the differently abled;
- Access to electricity: Collaborating to provide innovative off-grid solutions to improve access to electricity in the country.

The Company's CSR policy may be viewed in the Company's website at [www.abb.co.in](http://www.abb.co.in)

## 9. Subsidiary Company

The Company has no subsidiary. Hence, the requirement of formulating a specific policy on dealing with material subsidiaries does not arise.

## 10. Managing Director (MD) and Chief Financial Officer (CFO) certification

As required under Regulation 17 read with Part B of Schedule II of the Listing Regulations, the MD and CFO certification on the Financial Statements, the Cash Flow Statement and the Internal Control Systems for financial reporting has been obtained from Mr. Sanjeev Sharma, Managing Director and Mr. T. K. Sridhar, Chief Financial Officer. The said certificate is part of the Annual Report.

## 11. General Body Meetings

(i) Location and time where last three Annual General Meetings (AGMs) held

| For the Year | Venue  | Day & Date              | Time             |
|--------------|--|-------------------------|------------------|
| 2019         | Held through Video Conferencing / Other Audio Visual Means   | Friday<br>July 24, 2020 | 11.00 a.m. (IST) |
| 2018         | "Aura", Taj Yeshwantpur, Bengaluru, 2275, Tumkur Road, Yeshwantpur, Bengaluru-560 022  | Tuesday<br>May 8, 2019  | 11.00 a.m. (IST) |
| 2017         | "Grand Ball Room", Second Floor, Sheraton Bangalore Hotel at Brigade Gateway, 26/1, Dr. Rajkumar Road, Malleshwaram-Rajajinagar, Bengaluru-560 055 | Tuesday<br>May 9, 2018  | 11.00 a.m. (IST) |



- (ii) Special Resolution passed in the previous three Annual General Meetings.

The following Special Resolutions were passed at the 70th Annual General Meeting held on July 24, 2020.

- Re-appointment of Mrs. Renu Sud Karnad as a non-executive independent director.
- Re-appointment of Mr. Darius E. Udwardia as a non-executive independent director.

No Special Resolution passed in 68th and 69th Annual General Meetings held on May 9, 2018 and May 8, 2019 respectively.

- (iii) Postal Ballot

During Financial Year 2020, the Company has not passed any Special resolution(s) through the Postal Ballot. Approval, if any required through, Postal Ballot during the Financial Year 2021 will be conducted in accordance with applicable law.

## 12. Disclosures

- (i) Disclosures on materially significant related party transactions.

There was no materially significant related party transaction during the year having potential conflict with the interests of the Company. Transactions with related parties, as per requirements of Indian Accounting Standard 24, are disclosed in the notes to accounts annexed to the financial statements. Further the Company has not entered into any transaction of a material nature with the Promoters, subsidiaries of Promoters, Directors or their relatives etc. that may have potential conflict with the interests of the Company.

All the transactions with related parties were in the ordinary course of business and on arm's length basis, except transactions, which are disclosed in the Directors' Report. In terms of Regulation 23 of Listing Regulations the Company obtains prior approval of the Audit Committee for entering into any transaction with related parties. The Audit Committee granted omnibus approval for certain transactions to be entered into with the related parties, during the year.

Policy on dealing with Related Party Transactions can be viewed in the Company's website. Link for the same is <https://new.abb.com/docs/librariesprovider19/default-document-library/related-party-transaction-policy.pdf?sfvrsn=2>

- (ii) Details of non-compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities, on any matter related to capital markets during the last three years.

During last three years, neither any penalty nor any stricture has been passed by SEBI, Stock Exchanges or any other Statutory Authority on matters relating to capital markets.

- (iii) Whistle Blower Policy and affirmation that no personnel have been denied access to the Audit Committee.

The Company has adopted Whistle Blower Policy where it has a mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Code of Conduct/ Business Ethics. No personnel have been denied access to the Chairman of the Audit Committee, for making complaint on any Integrity issue.

- (iv) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements under the Listing Regulations.

During the year, the Company has fully complied with the mandatory requirements as stipulated in Listing Regulations.

The Company has adopted C, & E of the Non-mandatory requirements as provided in Part E of Schedule II to the Listing Regulations and not adopted A & B since they are discretionary requirements.

**13. Means of Communication**

Quarterly Financial Results / Official News Releases

The quarterly/half-yearly/annual financial results are published in Business Standard/Financial Express/Business Line (English Daily) and Vijaya Karnataka (Kannada Daily).

The financial results and the official news releases are also placed on the Company's website at [www.abb.co.in](http://www.abb.co.in). The Company has a dedicated help desk with e-mail ID: [investor.helpdesk@in.abb.com](mailto:investor.helpdesk@in.abb.com) in the Secretarial Department for providing necessary information to the investors.

In addition to the above, after announcement of results, the Company holds conference call with financial analysts. The transcript of the said concall is uploaded on the Company's website at [www.abb.co.in](http://www.abb.co.in)

**14. General Shareholder Information**

(i) Annual General Meeting Day, Date, Time and Venue:

The Company will be holding its 71st Annual General Meeting on Wednesday, April 28, 2021 at 11.00 A.M. (IST) through Video Conferencing ("VC") / Other Audio Visual Means("OAVM").

Agenda:

Item No. 1 - To receive, consider and adopt the financial statements, namely, (i) the Audited Balance Sheet as at December 31, 2020, (ii) the Audited Statement of Profit & Loss for the year ended on that date, (iii) the Cash Flow Statement for the financial year ended on that date, (iv) statement of changes in Equity, if any, (v) an Explanatory Note annexed to, or forming part of, the documents referred to in (i) to (iv) above and the Reports of the Board of Directors and the Auditors thereon.

Item No. 2 - Declaration of Dividend

Item No. 3 - Appointment of a Director

Item No. 4 - Appointment of Ms Maria Rosaria Varsellona as a Director

Item No. 5- Approval of remuneration to the Cost Auditor of the Company for Financial Year 2021.

(ii) Profile of Director seeking appointment/re-appointment

The profile of Director/s retiring by rotation and seeking appointment/re-appointment at the 71st Annual General Meeting are given in the Annexure to the Notice convening the said Annual General Meeting.

Directors are not related to any other Director on the Board of the Company and Promoters of the Company.

(iii) Financial Year

Company's financial year is January – December. The indicative calendar of events for the year 2021 (January - December) excluding Extraordinary General Meeting(s), if any, are as under:

|  |               |
|--|---------------|
| Fourth Quarter Financial Results (Year 2020) | February 2021 |
| First Quarter Financial Results              | April 2021    |
| Annual General Meeting                       | April 2021    |
| Second Quarter Financial Results             | July 2021     |
| Third Quarter Financial Results              | October 2021  |

In terms of the circular issued by Ministry of Corporate Affairs, as a Green Initiative and subsequent amendment to the Listing Regulations, soft copy of the Notice and the Annual Report for the financial year 2020 have been circulated to the respective e-mail IDs registered and available in Company's records.

## (iv) Date of Book Closure

The Company's Register of Members and Share Transfer Books will remain closed for the purpose of payment of dividend from April 22, 2021 to April 28, 2021 (both days inclusive).

## (v) Dividend Payment Date

The dividend, as recommended by the Board of Directors, if declared at the ensuing Annual General Meeting will be paid on and from April 30, 2021, to those Members whose names appear on the Company's Register of Members as on April 21, 2021.

## (vi) Listing on Stock Exchanges

The equity shares of the Company are currently listed with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company has paid till date, appropriate listing fee to both the stock exchanges.

Pursuant to the Regulation 39 (4) read with Schedule VI of the Listing Regulations, the Company's Registrar & Share Transfer Agents have already sent three reminders to those shareholders whose share certificates were returned undelivered and remain unclaimed so far. Further, as required, the Company has transferred the said unclaimed shares to one folio in the name of "ABB India Limited-Unclaimed Suspense Account", and the voting rights thereon have been frozen till the shares are claimed by the rightful owners. Details are given below:

|   |  |
|---|--|
| Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year. | 6 shareholders and 3,996 equity shares |
| Number of shareholders who approached issuer for transfer of shares from suspense account during the year.              | Nil                                    |
| Number of shareholders to whom shares were transferred from suspense account during the year.                           | Nil                                    |
| Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year.       | 6 shareholders and 3,996 equity shares |

## (vii) Stock Code

Equity Shares:

NSE     ABB  
BSE     500002  
ISIN    INE117A01022

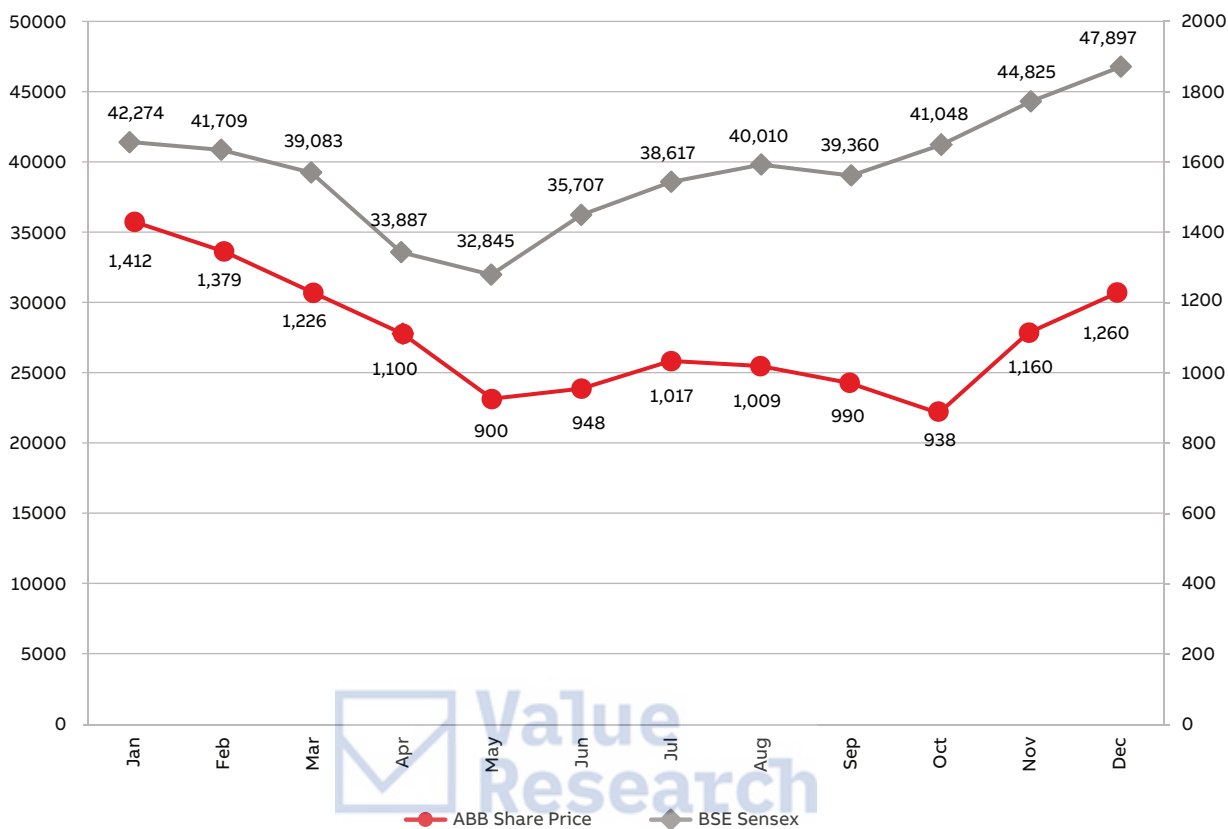
## (viii) Market Price Data

The market price data of the Company's shares traded in the BSE Limited and the National Stock Exchange of India Limited, during the year 2020 were as follows:

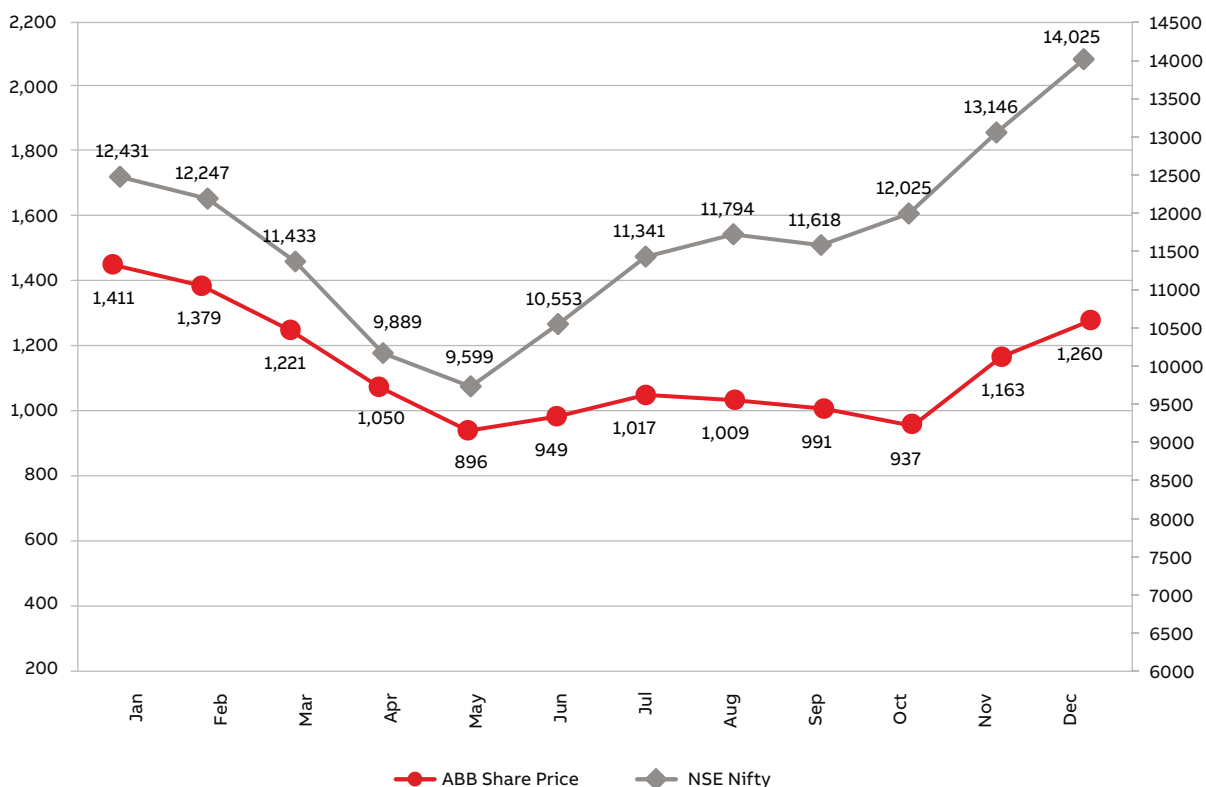
| Year 2020 | ABB - BSE (₹) |       | BSE Sensex |        | ABB - NSE (₹) |       | NSE Nifty |        |
|-----------|---------------|-------|------------|--------|---------------|-------|-----------|--------|
|           | High          | Low   | High       | Low    | High          | Low   | High      | Low    |
| January   | 1,412         | 1,271 | 42,274     | 40,477 | 1,411         | 1,275 | 12,431    | 11,930 |
| February  | 1,379         | 1,179 | 41,709     | 38,220 | 1,379         | 1,175 | 12,247    | 11,175 |
| March     | 1,226         | 795   | 39,083     | 25,639 | 1,221         | 801   | 11,433    | 7,511  |
| April     | 1,100         | 868   | 33,887     | 27,501 | 1,050         | 868   | 9,889     | 8,056  |
| May       | 900           | 722   | 32,845     | 29,968 | 896           | 722   | 9,599     | 8,807  |
| June      | 948           | 754   | 35,707     | 32,348 | 949           | 754   | 10,553    | 9,544  |
| July      | 1,017         | 863   | 38,617     | 34,927 | 1,017         | 863   | 11,341    | 10,300 |
| August    | 1,009         | 870   | 40,010     | 36,911 | 1,009         | 869   | 11,794    | 10,882 |
| September | 990           | 849   | 39,360     | 36,496 | 991           | 847   | 11,618    | 10,790 |
| October   | 938           | 849   | 41,048     | 38,410 | 937           | 848   | 12,025    | 11,347 |
| November  | 1,160         | 869   | 44,825     | 39,335 | 1,163         | 869   | 13,146    | 11,557 |
| December  | 1,260         | 1,075 | 47,897     | 44,118 | 1,260         | 1,074 | 14,025    | 12,963 |

Performance in comparison to broad-based indices viz., BSE Sensex and NSE Nifty

**ABB Share Price movement v/s BSE Sensex**  
January – December 2020



**ABB Share Price movement v/s NSE Nifty**  
January – December 2020



## (ix) Registrar and Share Transfer Agents

KFin Technologies Private Limited  
Selenium Tower B, Plot Nos. 31 & 32 | Financial District  
Nanakramguda |Serilingampally Mandal | Hyderabad - 500032 | Telangana  
Tel : +91 40 67161653  
Fax No. +91 40 23420814  
E-mail: einward.ris@kfintech.com  
Website: www.kfintech.com

## (x) Share Transfer System

The Company's shares being in compulsory demat list, are transferable through the depository system. In terms of the SEBI Listing Regulations transfer of shares in the physical form is not permitted beyond April 1, 2019. The transmission or transposition of shares are being processed by the Registrar and Share Transfer Agents, and approved by the Stakeholders Relationship Committee. In order to expedite the process, the Board of Directors has also delegated the authority severally to the Managing Director (MD) and the Company Secretary to approve transmission or transposition of shares and accordingly, the MD or the Company Secretary approve the transmission/ transposition of shares generally on a weekly basis. This process is reviewed by the Committee.

## (xi) Shareholding Pattern

| Shareholders                          | As on 31.12.2019    |            | As on 31.12.2020    |            |
|---------------------------------------|---------------------|------------|---------------------|------------|
|                                       | No. of shares       | %          | No. of shares       | %          |
| ABB Asea Brown Boveri Ltd, Zurich     | 15,89,31,281        | 75.00      | 15,89,31,281        | 75.00      |
| Mutual Funds                          | 1,36,37,989         | 6.44       | 1,38,38,970         | 6.53       |
| Foreign Portfolio - Corp              | 71,59,509           | 3.38       | 85,82,976           | 4.05       |
| Foreign Institutional Investors       | 11,000              | 0.01       | 11,000              | 0.01       |
| Trusts                                | 4,152               | 0.00       | 12,567              | 0.01       |
| Alternative Investment Fund           | 8,71,310            | 0.41       | 1,41,446            | 0.07       |
| Resident Individuals                  | 1,41,42,005         | 6.67       | 1,45,22,759         | 6.85       |
| Non Resident Indians                  | 2,39,902            | 0.11       | 2,25,285            | 0.11       |
| Clearing Members                      | 31,639              | 0.01       | 91,669              | 0.04       |
| Indian Financial Institutions         | 1,10,65,139         | 5.22       | 9,01,845            | 0.43       |
| Banks                                 | 8,265               | 0.00       | 8,265               | 0.00       |
| Qualified Institutional Buyer         | 31,38,646           | 1.48       | 1,27,28,136         | 6.01       |
| Non Resident Indian - Non Repatriable | 3,66,172            | 0.17       | 3,79,157            | 0.18       |
| Bodies Corporates                     | 9,61,585            | 0.45       | 5,25,599            | 0.25       |
| NBFC                                  | 3,78,590            | 0.18       | 50,689              | 0.02       |
| Directors and their Relatives         | 3,500               | 0.00       | 3,500               | 0.00       |
| I E P F                               | 5,37,471            | 0.25       | 5,28,446            | 0.25       |
| H U F                                 | 4,19,515            | 0.20       | 4,23,813            | 0.20       |
| Foreign Nationals                     | 705                 | 0.00       | 972                 | 0.00       |
| <b>Total:</b>                         | <b>21,19,08,375</b> | <b>100</b> | <b>21,19,08,375</b> | <b>100</b> |

## (xii) Distribution of Shareholding as on December 31,2020

| Category         | No. of Shareholders | No. of Shares held  | % of equity capital |
|------------------|---------------------|---------------------|---------------------|
| 1 – 5000         | 79,263              | 1,23,15,651         | 5.81                |
| 5001 – 10000     | 242                 | 16,79,832           | 0.79                |
| 10001 – 50000    | 115                 | 23,03,349           | 1.09                |
| 50001 – 100000   | 12                  | 9,27,326            | 0.44                |
| 100001 and above | 45                  | 19,46,82,217        | 91.87               |
| <b>Total</b>     | <b>79,677</b>       | <b>21,19,08,375</b> | <b>100.00</b>       |

(xiii) Dematerialisation of shares and liquidity

The equity shares of the Company are available under dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company's equity shares are compulsorily traded in the dematerialised form.

As on December 31, 2020, out of 21,19,08,375 equity shares of the Company, 21,03,97,769 equity shares have been dematerialised representing 99.29%.

Your Company confirms that the promoters' holdings were converted into electronic form and the same is in line with the circulars issued by SEBI.

Shareholders who are still holding shares in physical form are requested to dematerialize their shares at the earliest, this will be more advantageous to deal in securities. For queries / clarification / assistance, shareholders are advised to approach the Company's Registrar and Share Transfer Agents.

(xiv) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity.

As on date, the Company has not issued GDRs, ADRs or any other Convertible Instruments and as such, there is no impact on the equity share capital of the Company.

(xv) Code of Conduct

As required under Listing Regulations, the Company has in place a Code of Conduct applicable to the Board Members as well as the Senior Management Personnel and that the same has been hosted on the Company's website. All the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct, as on December 31, 2020.

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has, inter-alia, adopted a Code of Conduct for Prohibition of Insider Trading Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (Code) duly approved by the Board of Directors of the Company.

As per the above Code, Mr. B. Gururaj is the Compliance Officer and Mr. T.K. Sridhar is the Chief Investor Relations Officer.

(xvi) Company affirms that all the requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are complied with.

(xvii) Plant Locations

The Company's plants are located at Bengaluru, Maneja in Vadodara, Faridabad and Nashik.

(xviii) Commodity Price Risk / Foreign Exchange Risk and Hedging activities.

The Company is exposed to foreign exchange risk on account of import and export transactions entered and it is exposed to commodity price risk on account of procurement of base metals (Copper and Aluminium) and precious metals (Silver) to be used in manufacturing activities. Details of commodities exposure are provided below:

- a) Total Exposure of the Company to commodities in ₹: 2,276,916,319/-
- b) Exposure of the Company to various commodities:

| Commodity name | Exposure in ₹ towards the particular commodity | Exposure in quantity terms towards the particular commodity | % of such exposure hedged through commodity derivatives |          |                      |          | Total |
|----------------|--|---|---|----------|----------------------|----------|-------|
|                |  |   | Domestic market   |          | International market |          |       |
|                |  |   | OTC   | Exchange | OTC                  | Exchange |       |
| Copper         | 1,966,688,993                                  | 4292 MT   | --  | --       | 90%                  | --       | 90%   |
| Silver         | 310,227,325                                    | 6.3 MT  | --  | --       | 90%                  | --       | 90%   |

c) Commodity risks faced by the Company during the year and how they have been managed.

The Company is a sizable user of various commodities, including base metals & others, which exposes it to the price risk on account of procurement of commodities. The Company is proactively mitigating these risks by entering into commensurate hedging transactions with banks as per applicable guidelines and group risk management instructions.

(xix) The Company has not made any payments during the year for services, other than towards audit fees, to the statutory auditors and to network firms/network entities of which the statutory auditor is a part.

(xx) The Board has accepted all recommendations made during the year by its various Committees.

(xxi) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

- (a) Number of complaints filed during the financial year - One
- (b) Number of complaints disposed of during the financial year - One
- (c) Number of complaints pending as on end of the financial year - NIL

(xxii) Credit ratings

The Company does not have any debt instrument, fixed deposit programme or any scheme or proposal for mobilization of funds. Hence, during the Financial Year 2020, it had not obtained any credit rating for this purpose.

(xxiii) Address for correspondence

ABB India Limited  
Plot No. 5 & 6, 2nd Stage, Peenya Industrial Area IV  
Peenya, Bengaluru - 560 058, Karnataka, India  
Tel : +91 80 22949150 - 9153  
Fax No: +91 80 22949148  
Corporate Secretarial E-mail ID: investor.helpdesk@in.abb.com  
Website: www.abb.co.in

(xxiv) Corporate Identity Number

The Corporate Identity Number (CIN), of the Company is L32202KA1949PLC032923.

(xxv) Compliance Officer

Mr. B. Gururaj, Company Secretary (FCS-2631) is the Compliance Officer of the Company and Secretary to all Committees of the Board.