

April 30, 2021

BSE Limited
P.J. Towers
Dalal Street
Mumbai 400 001
(Atten: DCS Listing)

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No. C/1, G Block
Bandra-Kurla Complex, Bandra (E)
Mumbai 400 051
(Atten: Manager Listing Department)

Dear Sirs

Subject: Submission of Annual Report of the Company for the Financial year ended December 31, 2020 pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

Ref : BSE Scrip: 543187 (POWERINDIA) NSE Symbol: POWERINDIA

In terms of Regulation 34 of the Listing Regulations, enclosed please find copy of the Annual Report for the financial year ended December 31, 2020 being circulated to Members of the Company in respect of the 2nd Annual General Meeting, scheduled to be held on Thursday, May 27, 2021 at 11.00 A.M. (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").

You are requested to take the same on record.

Thanking you.

Yours faithfully,
ABB Power Products and Systems India Limited

**AMMATANDA
CHINNAPPA
POOVANNA**

Digitally signed by
AMMATANDA CHINNAPPA
POOVANNA
Date: 2021.04.30 15:29:33
+05'30'

Poovanna Ammatanda
General Counsel and Company Secretary

Encl: As above

HITACHI

ABB

HITACHI ABB POWER GRIDS



Towards a carbon-neutral energy system

ABB Power Products and Systems India Limited

Annual Report 2020

Hitachi ABB Power Grids

At a glance

Hitachi ABB Power Grids in India* balances social, environmental and economic values. It is committed to powering good for a sustainable energy future, with pioneering and digital technologies, as the partner of choice for enabling a stronger, smarter and greener grid.

In India, the Company has 16 manufacturing units in five key locations, 17 sales offices and over 2,000 employees. It is listed on the stock exchanges as ABB Power Products and Systems India Ltd.*

We are a green-conscious company, pioneering technology innovations that increase access to reliable, flexible, sustainable and affordable energy. We are helping accelerate the energy transition. Our experts are enabling our customers to plan, build, operate and maintain the electricity backbone and future power systems needed by citizens, countries, regions and the world, to accelerate progress towards a carbon-neutral energy future.

*Hitachi ABB Power Grids operates in India as ABB Power Products and Systems India Limited. It is listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) as POWERINDIA, Scrip code: 543187.

Annual Report 2020

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Financials

Our performance in January-December 2020

Robust performance in an unprecedented year impacted by a turbulent market and the COVID-19 pandemic. Continued customer engagement and conversion of opportunities and strategic business continuity measures ensured resilience.

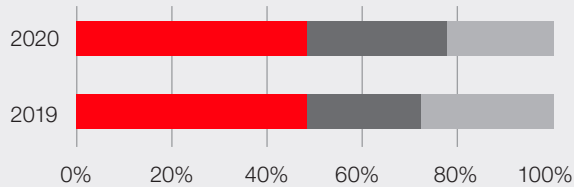
Highlights

Particulars	(Amount in ₹ crores)
Total orders received	3217.7
Revenue	3438.9
Profit Before Tax (PBT) before exceptional items	171.8
Profit After Tax (PAT)	99.8

Key ratios

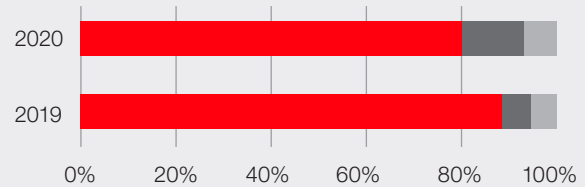
Effective tax rate	26.77%
Earnings per share (₹)	23.55
Debtors turnover	2.04
Inventory turnover	6.96
Current ratio	1.09

Order split by sector



■ Utilities ■ Industries ■ Transport & Infra

Order split by offerings



■ Products ■ Projects ■ Services



Our world in 2050

Major trends shaping the world

We believe that our future world must be a more sustainable one. To ensure power for all and accommodate changing energy demand and supply patterns, we are shaping a stronger, smarter and greener grid, driving an enduring Energy Transition.

Limit global warming

1.5°C

hit net zero by 2050

1 bn

without reliable electricity

80%

more energy consumed

50%

power sourced from wind and solar

68%

people living in cities

Rapid growth of

EVs

250MN stock by 2030

500 bn

IOT connected devices

9.9 bn

people on our planet

Predicting everything

AI, MR

digital twins...

Global economic shift

E7 countries

Economies double G7

Social media boom

TRUST

is more important

Investing in the future

Laying the foundation for a clean energy future

We dedicated ourselves to shaping industry - academia partnership through pilots and MoUs, striving for a better tomorrow.





Smart Grid Education: Joined forces with the National Institute of Technology, Warangal (NITW), Telangana, to drive smart electric grid technology education, skills development and research activities.



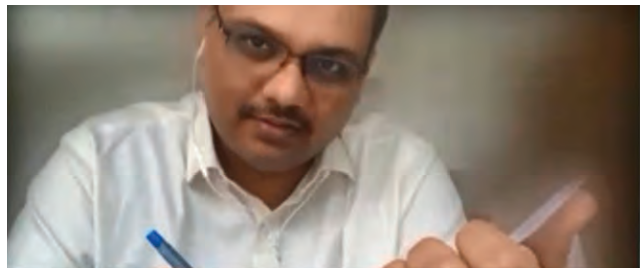
E-mobility: Teamed up with Ashok Leyland and the Indian Institute of Technology-Madras for an e-mobility pilot to support sustainable in-campus commuting.



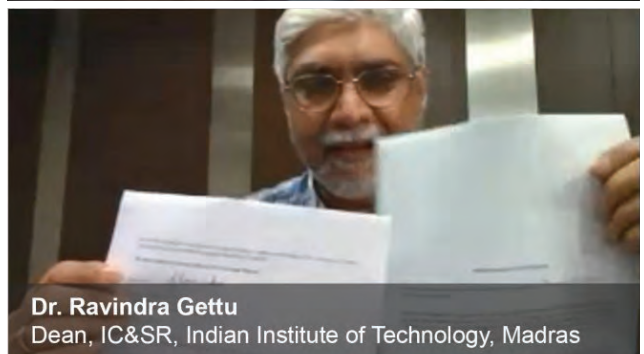
Venu Nuguri
Managing Director & CEO - India, Hitachi ABB Power Grids



Dr. Bhaskar Ramamurthi
Director, Indian Institute of Technology, Madras



Karthik Ganesan
Business Head EV & eMobility solutions, Ashok Leyland



Dr. Ravindra Gettu
Dean, IC&SR, Indian Institute of Technology, Madras

Creating the building blocks for the energy transition

Building back better through innovation with new product and solution launches in 2020



Grid-eMotion™ Fleet:

Launched a game-changing EV charging system for large-scale e-mobility. A full 'grid-to-plug' solution for large-scale public transport and commercial fleets, enabling operators to charge more with less.



TXpert™ Ecosystem:

Introduced the open, scalable and manufacturer-agnostic ecosystem for transformer digitalization. The solution can enable millions of dollars in savings through greater flexibility, efficiency and resilience in electricity networks.



Digital Enterprise became Lumada:

Integrated Hitachi ABB Power Grids' Digital Enterprise flagship solutions of asset and enterprise performance management into Hitachi's Lumada portfolio.

2020 highlights

Sustaining momentum, setting precedents

Utility:

Energized the first stage of the 6,000 megawatt +/- 800 kilovolt ultra-high voltage direct current transmission link connecting Raigarh in central India to Pugalur in the southern state of Tamil Nadu. Booked a breakthrough transformer order for Tamil Nadu's Virudhunagar substation and renewable energy monitoring automation order from the national power transmission company. Successfully commissioned our first digitalization project in Maharashtra and booked multiple lifecycle service orders in grid automation from state utilities.

Transportation:

Won a major order from a public electric locomotive manufacturer for Indian Railways to advance the Government of India's mission of 100 percent rail electrification and a low carbon footprint. Also received a major export order for our traction transformer for Perth Metro in Australia, in addition to local rail and metro orders for transformers and grid automation solutions.

Infrastructure:

Deployed state-of-the-art transformers for the Atal Tunnel – the world's longest highway tunnel above the altitude of 10,000 feet, to ensure uninterrupted, round-the-clock power, critical from a safety and defense standpoint, as well as for ensuring the transport of and passage to essential services such as healthcare and food supplies.

Industry:

Booked a project from HPCL Rajasthan Refinery Limited to develop power infrastructure for its new refinery and petrochemical project in the Barmer district of Rajasthan. Also, chosen by Indian Oil Corporation Ltd to strengthen its mission-critical power infrastructure at its Barauni refinery in Bihar.

Also, received contracts from steel and Oil & Gas companies for our power quality solutions and booked our largest-ever High Voltage service order – for the extension and refurbishment of a GIS substation - for a leading independent power producer in India. Also awarded an export order for Nigeria's Dangote refinery for our power quality solutions.



Corporate Social Responsibility

Creating a better tomorrow

Support during COVID-19: Contributed actively towards the PM Cares Fund as well as providing face shields to local police and supplies for the less-privileged.

Diversity and inclusion: Joined hands with Sikshana Foundation's Women-in-Engineering program to facilitate education for girls and women in manufacturing and engineering – traditionally male-dominated fields – and provide training, internship and scholarship opportunities to develop their career paths.

Smart city innovation: Initiated an integrated monitoring and analytics platform in IIT Roorkee for sustainable smart city innovation and incubation in line with Sustainable Development Goals (SDGs).



PM CARES

Prime Minister's Citizen Assistance and Relief in emergency Situations Fund



Sikshana FOUNDATION



Our three pronged COVID-19 crisis strategy

Protecting our people

Ensuring the safety and well-being of our employees

- Voluntary COVID-19 testing for employees and contract workforce
- On-boarding Connect and Heal to provide primary and preventive tele-medicine services to employees
- Providing personal protective equipment kits to workforce and adhering to all social distancing and sanitary requirements
- Acknowledging our front-line workers through awards and certificates of recognition



Preserving business continuity

Safeguarding our vision to shape the energy future

- Amplified customer engagement through technology and digital solutions
- Remotely commissioned projects



Preparing for the new norm

Making digitalization our ally

- Switched to Remote Factory Acceptance Tests
- Conducted numerous virtual technical webinars
- Launched our flagship customer event – Energy and Digital World
- Continued engagement with industry leaders through virtual industry events



The COVID-19 pandemic

Impact and action plan

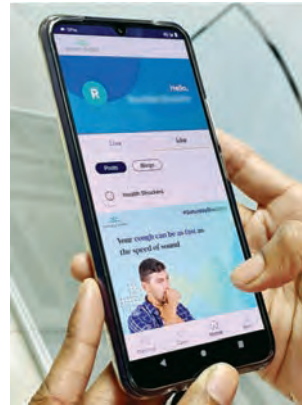
COVID-19 came as an unprecedented global crisis. It disrupted life as we knew it, changing the way we live, work and interact with each other. In India, the first case was reported on January 30, while the disease was rapidly spreading across the globe. To curtail the spread of the infection within its borders, India had imposed a strict nationwide lockdown and promulgated health and safety regulations, shutting factories, banning all kinds of travel, mandating social distancing and quarantines.

In this period of uncertainty, our prime focus was to collaborate and manage the crisis for our employees, customers, partners and the community, and build our spirit and strength. We adopted a three-pronged approach:

Protecting our people;
Preserving business continuity;
and
Preparing for this new norm

Protecting our people

Our priority was to keep our employees, customers and partners safe.



In accordance with the Ministry of Home Affairs' national lockdown requirements from March 25, 2020, operations across plants, project sites and offices were closed. Besides energizing the network of our location-specific crisis teams, an exclusive helpline for employees was launched to discuss and support our employees' and their families' emotional welfare. Medical assistance was arranged at employees' fingertips with Connect and Heal – a primary and preventive care provider, even as they worked from home.





Voluntary COVID-19 testing, medical reviews and checks were organized at various locations. As operations were permitted to resume by the various governing authorities, we capped the number of employees working at a particular time at all plants and offices; made arrangements for sanitized transportation to factories and demarcated work and common areas to ensure strict adherence to social distancing. At project sites, processes were put in place to ensure secure and safe lodging facilities for migrant workers.

Employees were provided protective gear like masks, face shields, gloves and sanitizers; mandated to take all safety precautions and maintain absolute transparency in health declarations. All employees were encouraged to download the Aarogya Setu app launched by the Government of India. This is followed until date.

In addition to all this, most employees voluntarily donated one-day's salary to the PM CARES Fund. This donation was matched by the Company, totalling ₹ 1.24 crore, as a mark of solidarity in this time of crisis.

Preserving business continuity

We maintained business continuity by amplifying customer engagement through technology and leveraging digital solutions for product service and training, and even commissioning of certain projects. We implemented cost control measures to conserve cash and recovered lost production days by strategically planning shifts and rotations to enable maximum capacity utilization of shop floors while

ensuring social distancing, implementing a six-day workweek to compensate for productivity loss; and focusing on collections and liquidity. We were able to preserve cash by proactively identifying and postponing non-essential spends and optimizing external resources and personnel expenses.

All through, our ambition was to prepare for the new norm in the best possible manner and build back better.

Preparing for this new norm

Backed by our resilience and zest for innovation, we quickly adapted to the new norm. Besides switching to remote factory acceptance tests where possible, we conducted numerous virtual technical webinars, attended by over thousands of participants from utilities, industries, transport and infrastructure segments across countries, and launched our flagship customer event Energy and Digital World. We continued engagement with industry leaders through virtual industry events, and specific one-on-one CEO connects that helped us keep a finger on the pulse across various verticals.

We conducted about 45 workshops for over 600 customers, clocking close to 2,000 man-days of training. Our technology and knowledge institute, PowerTec, alone carried over 30 webinars attended by over 6,000 participants from more than 200 companies across 19 countries and also devoted efforts toward developing future talent for our high-growth segments.

Country Management Committee



N Venu
Managing Director and
Chief Executive Officer



Ajay Singh
Chief Financial Officer



Poovanna Ammatanda
General Counsel and
Company Secretary



Karthik Krishnamurthi
Head of Sales and Marketing



Raja Radhakrishnan
Country HR Director



Akilur Rahman
Chief Technology Officer



Manashwi Banerjee
Head of Communications



Ahmad Khan
Senior Vice President
Grid Automation



Ramkumar D
Senior Vice President
GPQS



Rupinder Singh
Senior Vice President
High Voltage Products



Saji S
Senior Vice President
HVDC



Sanjay Saxena
Senior Vice President
Transformers

Company information

Board of Directors

Achim Michael Braun, Chairman
 Venu Nuguri, Managing Director and CEO
 Ismo Antero Haka, Director
 Akila Krishnakumar, Independent Director
 Mukesh Hari Butani, Independent Director
 Nishi Vasudeva, Independent Director

Audit Committee

Mukesh Hari Butani, Chairperson
 Akila Krishnakumar, Member
 Nishi Vasudeva, Member
 Venu Nuguri, Member

Stakeholders

Relationship Committee

Nishi Vasudeva, Chairperson
 Mukesh Hari Butani, Member
 Venu Nuguri, Member
 Ismo Antero Haka, Member

Nomination and Remuneration Committee

Akila Krishnakumar, Chairperson
 Nishi Vasudeva, Member
 Achim Michael Braun, Member

Corporate Social Responsibility Committee

Akila Krishnakumar, Chairperson
 Achim Michael Braun, Member
 Venu Nuguri, Member

Risk Management Committee

Mukesh Hari Butani, Chairman
 Nishi Vasudeva, Member
 Ismo Antero Haka, Member
 Venu Nuguri, Member
 Ajay Singh, Member

Auditors

M/s. S.R. Batliboi & Associates LLP,
 Chartered Accountants
 12th Floor, UB City, Canberra Block,
 No 24, Vittal Mallya Road,
 Bengaluru - 560 001.

Chief Financial Officer

Ajay Singh

Cost Auditor

M/s. Ashwin Solanki & Associates,
 Cost Accountant
 801-2, Goyal Trade Center,
 Above Sona Cinema, Shantivan,
 Near National Park, Borivali (East),
 Mumbai - 400 066.

Secretarial Auditors

M/s. BMP & Co. LLP,
 Company Secretaries
 4272, Saphthagiri, 2nd Floor,
 Vivekananda Park Road,
 Near Seetha Circle,
 Girinagar, Bengaluru - 560 085.

General Counsel, Company Secretary and Compliance Officer

Poovanna Ammatanda

Registered Office

8th Floor, Brigade Opus,
 70/401, Kodigehalli Main Road,
 Bengaluru - 560 092.

Registrar and Share Transfer Agents

KFin Technologies Private Limited
 Selenium, Tower B,
 Plot 31-32, Gachibowli,
 Financial District, Nanakramguda,
 Serilingampally Mandal,
 Hyderabad - 500 032.

Bankers

Axis Bank Limited
 Bank of America, N.A.
 Deutsche Bank AG
 HDFC Bank Limited
 ICICI Bank Limited
 JP Morgan Chase Bank, N.A.
 Standard Chartered Bank
 State Bank of India
 The Hongkong and Shanghai Banking Corporation Limited
 Kotak Mahindra Bank Limited

Corporate Identity Number

L31904KA2019PLC121597

**Supporting India's mission to bring
clean and reliable power for all
through UHVDC transmission link**



Business Responsibility Report 2020

Statement on demerger

ABB Power Products and Systems India Limited (“Company” “We”) was incorporated on February 19, 2019.

A scheme of arrangement (“Scheme”) was entered into between (i) ABB India Limited (“INABB”/“Transferor”) and (ii) your Company (“Company”/“Transferee”) and their respective shareholders and creditors, pursuant to the provisions of Section 230 to 232 and other applicable provisions of the Companies Act, 2013, which provided for inter alia the Demerger of the Power Grids Business of INABB (“Demerged Undertaking”) and the consequent issuance of Equity Shares by the Company to the shareholders of INABB as per the Share Entitlement Ratio. The Scheme was approved by Company’s Board of Directors pursuant to its resolution dated March 5, 2019 and the Board of Directors of INABB pursuant to its resolution dated March 5, 2019. Pursuant to an order dated June 27, 2019, passed by the NCLT, meetings of the equity shareholders and the creditors of INABB were convened. The equity shareholders and the creditors of INABB approved the Scheme at court convened meetings, each held on August 9, 2019. The NCLT approved the Scheme on November 27, 2019. The Appointed Date of the Scheme was April 1, 2019 and the Effective Date was December 1, 2019.

The Scheme provided for the transfer by way of a demerger of the Demerged Undertaking and the consequent issue of Equity Shares by the Company to the shareholders of INABB in accordance with the Share Entitlement Ratio, and various other matters consequential or integrally connected there with, including the re-organisation of the share capital of the Transferee, pursuant to Sections 230 to 232 of the Companies Act, 2013, the SEBI Circulars and in compliance with the Income Tax Act, 1961.

Sustainability overview

Our purpose is powering good for a sustainable energy future, with pioneering and digital technologies, as the partner of choice for enabling a stronger, smarter and greener grid. We help to increase access to affordable, reliable, sustainable, and modern energy for all. Aligned with the United Nations’ Sustainable Development Goal 7. The Company is a leading contributor to a sustainable world through its unique business offerings of pioneering technologies and sustainable business practices. The Company is expecting in aiding and steering the path for the country’s vision of sustainable growth and its agenda to focus on smart cities, sustainable mobility solutions, bringing in automation and energy efficiency in core manufacturing and utility sectors apart from focusing on

its in-house sustainability in terms of sustainable processes and practices at its operations and manufacturing locations.

The Company is supporting Government of India to realize its ambitious vision of ‘Make-in-India’ through advanced manufacturing technologies that incorporate the latest developments in Renewable Energy integration, Digitalization, Grid Automation and electric vehicle charging infrastructure. The Company is using its state-of-the-art manufacturing and applications of future technologies.

The Company is expecting to create value by manufacturing and supplying energy-efficient power grid business, making their operations more efficient and lowering overall environmental impact. Robust risk management processes are being undertaken, covering health, safety, social, environmental and security impacts, to strengthen business performance and resilience.

Sustainability considerations are embedded into the Company’s daily business and it helps to create value to its varied stakeholders and manage its risks. The Health Safety Environment and Sustainability Affairs (HSE/SA) function sets strategic direction and delivers effective, efficient services that embed health, safety, environment, security, and corporate responsibility in sustainable business practices of the Company.

The Company has a focused approach to address sustainability and has set itself with ambitious targets for key sustainability indicators such as health safety, environment-energy, climate change, waste, water, right material use, resource efficiency, integrity, sustainable sourcing, security and community engagement. All these initiatives have a direct or indirect impact on the Company’s performance and its success. The Company has in place a comprehensive policy on Health, Safety, Environment, Security and Sustainability. The Company also has an HSE policy in line with the Hitachi ABB Power Grids Group (“Group”) objective.

To realize global leadership in HSE/Sustainability (SA) performance, the Group has created a robust and comprehensive HSE/SA management system (titled the ABB way) based on internationally recognized sustainability standards, principles and commitments including ISO 45001 and ISO 14001. This system sets clear expectations and the required minimum standards, which are being implemented and embedded into our operations across the world including activities of the Company.

The Company has established the PG HSE/SA Management System and is certified for ISO 14001 and ISO 45001.

Sustainability objectives and targets

The business has set sustainability targets that are continuously monitored, and along with actions are taken. The Group targets and programs for 2021 and beyond includes the following nine sustainability objectives against which performance is monitored and reported:

1. Products and services for a better world
2. Energy efficiency and climate change
3. Safe and secure operations
4. Integrity
5. Human rights
6. People and society
7. Responsible sourcing
8. Resource efficiency
9. Right materials

Hitachi ABB Power Grids (“Group”) prepares the Sustainability Report annually for public disclosure based on the Global Reporting Initiative (GRI) guidelines.

Stakeholder engagement

Sustainability performance forms an important basis for the Company’s dialogue with its stakeholders. In recent years Group has been carrying out surveys with stakeholders that impact the Company’s sustainability strategy and priorities. Consultations with both external and internal stakeholders were instrumental in developing the Group sustainability objectives for 2014-2020. A comprehensive dialogue is in process to seek inputs and feedback from key stakeholders that will enable Hitachi ABB Power Grids to revisit its materiality matrix and in developing the next level 2030 objectives. The 2030 Objectives are being established by the Group and the legal entity will incorporate the same along with the local objectives.

The following are the key identified stakeholders of the Company:

Business	Government	Civil society
Customers	Government and regulators	International organizations
Suppliers	Legislators and the law	Local communities
Investors	Trade bodies	Academia and scientific community
Employees		Media
Competitors		NGOs and civil society organizations, trade unions

During the financial year ended December 31, 2020, we dynamically engaged with its varied stakeholders to create an inclusive business environment seeking their inputs constantly. The Company had dialogues with various Government entities central and state with regards to policy and presentation on the Company’s innovative sustainable solutions such as electric vehicle charging and “Make-in-India”, smart cities, sustainable mobility solutions, energy efficiency, efficiency upgradation in the railways sector, renewable energy, growth developments & technology keeping the climate change, job skilling, etc. The Company established a world-class digital experience

center demonstrating the next level of enterprise performance for enhanced grid stability, improved asset performance and efficient operational management, and began work on its High-Voltage Products Innovation Center as part of our investment in strategic research and the Company also laid the foundation for projects in the e-mobility space in the country with the Grid-eMotion™ Flash charging solution. The Company also partnered with Ashok Leyland in 2020 to facilitate a zero-emissions mass public transportation bus system.

Supplier and contractor HSE/SA meets are carried out regularly to bring contractors and vendors in line with HSE/SA requirements of management systems. The Company also carried out its Supplier Sustainable Development Program (SSDP) across chosen vendors.

The supplier and contractor HSE/SA meets conducted to align the goals with them and the plans to achieve them over a period of time. The contractor TRIFR (Total Recordable Incident Frequency Rate) achieved at 20 percent improvement over the past year.

A total of 436 investor complaints were received during the financial year Jan – Dec 2020. For employee participation and engagement, there are several ongoing initiatives. Also, there were several management communications with emphasis on health, wellness & safety in daily work.

The Company during the period also organised several customer engagements events to bring the Company’s technologies closer to the customers.

The Company organized multiple customers connect programs on HSE/SA, to hear to the voice of the customer to further improve the performance and to include the inputs of the customer into the strategy of the Company.

Healthy and safe working environment

Safeguarding its employees and contractors is the prime area of focus for the Company. Safety being a line responsibility, the Company focused on developing people skills, knowledge, and resources to equip its personnel with the right behavior. During the year under review (January to December 2020), apart from certifying its employees on safety, the Company’s trainings focused on behavioral and job specific aspects such as Safety Master Class and Resilience for all its managers and specific trainings and certification programs imparted to nominated members such as the Institution of Occupational Safety and Health (IOSH) and National Examination Board in Occupational Safety and Health (NEBOSH). Electrical safety trainings for all service personnel was also completed by the Company. The Company clocked around 20,000 man-hours of training during the period under review.

Although most of the trainings were done virtually, the intense HSE/SA trainings continued to happen despite the pandemic in keeping the employees upgraded and updated on the HSE/

SA developments. The Auditor certification program is an example. Close to 100 percent of employees and contractors were trained on topics related to occupational health and safety. Resilience was a focus this year, connecting with the employees and their families to cope up with the pandemic and the mechanisms to be resilient and overcome the pandemic turbulence over 100 sessions on the topic completed through the year.

To ensure safe operations, hazard reporting resolution of reported hazards was implemented. The Company received a total of 13,000 hazards during the period under review and 99 percent of the reported hazards were resolved during the period under review and the balance being done. A total of around 3,000 Sustainability Observations Tours (SOTs) were conducted during the period under review across the Company which included not just safety but also health, environment and security related observations. The Company clocked a total of 12 million contractor man-hours worked and 14 million employee man-hours worked, with zero work related fatality, zero serious injuries, one high potential incident, two lost time injuries and five medical treatment injuries. The Company worked and achieved the objective of TRIFR reduction by 20 percent when compared to the previous year.

To motivate and propagate good safety practices within the Company, it continued to appreciate and reward key innovations, best practices by individuals and teams and these were recognized and rewarded under the Company's annual HSE and Sustainability awards program. The HSE/SA Award program was launched early December 2020 under seven main categories for employees and contractors to participate. The award winners would be announced during 2021. The Company also followed the fair process to recognise contributions to HSE.

The Company established the HSE/SA Board and the board meets and reviews the performance of the HSE/SA Quarterly.

The business performance over the quarter is reviewed and actions proposed for further development. A comprehensive physical audit of the factories were carried out at the start of the year, with over 2,000 gaps being identified and the business closed all of the identified Hazards in a sustainable manner.

Occupational health and wellbeing continued to be another key HSE/SA focus for the Company. Various health programs such as occupational health checks for critical functions, resilience program with focus on breathing meditation, relaxation sessions, yoga and stretching exercise sessions were conducted. Training sessions on the usage of Automated External Defibrillator (AED) that have been deployed across locations and on Basic Life Support (BLS) were conducted. There was also increased communication by the Company on general health information to all employees through various means including weekly mail communications. The Company came out with the 'NO TOBACCO' program and converted all facilities as Tobacco free Zones.

Health was an area of focus during the year due to the COVID-19 pandemic, Governmental guidelines were followed

along with the good practices recommended to safeguard our employees from the virus attack. The Company took extensive steps in training the employees on COVID-19 and the hygiene practices those were to be followed to stay safe.

The Company also came up with the voluntary COVID-19 screening camp at free of cost for employees and contractors and over 5,000 beneficiaries from this program.

The Company also tied up with hospitals across major cities of operations and had a tie-up with a national level service provider to support the employees and their families with testing, treatment, consultation, supply of medicines, personal counselling and other value-added services.

Environmental management

The Company is compliant with all statutory requirements related to environment, and specific environment-related challenges are addressed under the direct supervision of location heads. There were no monetary fines/penalties for Environmental non-compliances paid by the Company during the period under review.

The Company has made significant progress towards its energy and climate goals. The Company's grid electricity consumption in the year was 30,538 MWh of which 47.5 percent is via renewable power purchase which in turn reduced its scope-emissions. Renewables power purchase and in-house solar installations for street lighting has supported the environmental objectives.

The Company had undertaken several energy optimization projects across all factories which includes, replacing conventional lightings with LED lamps, maintaining power factor at unity, provision of Variable Frequency Drives for HVAC systems, replacement of old motors with energy efficient ones, installation of advantage power regulators and all of these resulting in over 20,00,000 kWh consumption reduction through the year

Water management

Water withdrawal in the year was 300 KL at the Company's Mysore manufacturing. In 2020, Mysuru factory achieved 20 percent reduction of specific water consumption and Halol factory achieved 26 percent reduction of specific water consumption. Although the manufacturing processes in most sites of the Company are not water intensive, water is considered material to its operations due to the growing demand for freshwater in the country. Efforts to reduce freshwater withdrawals include conservative use of water in its operations by using water efficient fixtures in buildings and water reuse. Closed loop systems are used for the Company's cooling systems and industrial processes and in-house Sewage Treatment Plants (STP) aid in the Company's recycling efforts. Water treated in the Company's STP is used for irrigation of gardens and for sanitation purposes. The Company had merged multiple small effluent treatments

plants into one single treatment plant to improve efficiency, unified RO plants installed to reuse process water and reduce natural water intake, water plants efficiency improvement, increased monitoring plan to optimize water consumption, leakage arrest by replacement of pipes and fittings resulted in an optimized water consumption with a specific water consumption reduction by our sites.

The Company took up several Lean Six Sigma projects across all manufacturing locations to improve the environmental performance of the Company.

Waste management

Reducing generation of waste and reducing the wastes that is sent for final disposal remains the Company's focal area. Waste reduction is incorporated in the product design stage to ensure waste minimization in manufacturing process. Source segregation of waste, in-house recycling of packaging materials and reuse continues to add more value to waste and reduces the quantum of non-recyclable wastes that are sent to landfill.

All wastes are sent to relevant Pollution Control Board (PCB) authorized recyclers. Of the total wastes disposed this year, 70 percent were recycled through these authorized recyclers and co-processing units whereas the rest was reused by own and co-production facilities. The Company has also identified and implemented means to reduce sending waste to landfill rather sent to co-production. The Company had identified process for pulp recovery to re-use in the production with an overall recovery of 300 kg every day. Over 155 tonnes of scrap was given for co-processing, thus reducing the wastes sent to landfill or incineration. The Company understands that it is important to minimize the environmental impact related to its own manufacturing and service activities, and the real challenge is in reducing the impact along the whole value chain which includes the impact from its products, from material selection through production, operation and end-of-life treatment. A majority of the Company's products have a very long operating lifetime, hence, high efficiency and low emissions during operation of the product are essential in reducing the total environmental impact.

The Company took up several Lean Six Sigma projects on waste minimization and re-use. The packing wood project resulted in over 10,000 sqft of packing wood being reused by the Peenya factory resulting in over 20 percent of wood waste reduction. The Company's Mysuru factory took up a project to re-use waste, resulted in 200 MT of wood dust collected, compressed as briquettes and used as biofuel in the boiler.

Group uses a process called the Gate Model for product and technology development. Sustainability aspects are built into this model and includes a standardized Life Cycle Assessment (LCA) procedure. The Group also develops Environmental Product Declarations (EPD) to communicate the environmental performance of core products over its entire life cycle. EPDs are based on detailed LCA studies conducted using the LCA model and declared according to international standard ISO/TR 14025.

LCAs have been conducted for various products such as power transformers, gas insulated switchgears, and current relays, etc. and these also have environmental product declarations (EPD). EPDs provide quantitative information on all concerned aspects in comparable terms, for example energy used, resources, materials used, global warming effects and use of non-renewable resources in each one of the phases.

Supply chain sustainability

The Company extends its influence to ensure a responsible working environment of direct and indirect stakeholders. This includes partners in the supply chain who share considerable footprint in the product value chain.

The Company's Supplier Code of Conduct is the basis on which the Company builds its strategy to source responsibly. The Supplier Code of Conduct defines the Company's requirements for its suppliers and is integrated with the General Terms & Conditions. The Company considers its suppliers as business partners and requires that they conduct their business consistent with the standards and principles of the Company. Complying with the applicable environmental and OHS regulations, internationally proclaimed human rights standards and ensuring equality of opportunity are expected as the minimum level of commitment.

The Company has implemented a Supplier Sustainability Development Program (SSDP) as part of a comprehensive sustainable sourcing initiative. The goal of SSDP is to ensure compliance with the Supplier Code of Conduct, support continual improvement of the sustainability performance of suppliers and to provide customers with a highly competitive and sustainable supply chain. In the scope of this program, the Company selects a group of suppliers each year. Then they are trained and audited to identify areas of improvement in the following domain:

- General management
- Working hours
- Remuneration
- Social benefits
- Health and safety
- Environmental protection

In the year 2020, your Company assessed 15 high risk suppliers and completed training for them. Further the GPQS (Grid Power Quality Systems) SCM (Supply Chain Management) also conducted Supplier Assessment of 6 identified suppliers, through virtual audits with in-house certified sustainability auditors, despite the COVID-19 pandemic situation.

This program helped the participating suppliers identify and mitigate risks and strengthen their systems. Also, through this program, the risk profiles of the selected suppliers have shown steady improvement. In fact, in one Local Operating Unit, Quality Supply Base achieved HSE assessments as high as 99 percent.

With the pandemic, the Company took proactive approach and adopted several measures to conduct the supplier assessments with the new norm by adopting remote audits as one of the methods. The supplier training and assessments were carried out remotely in most of the cases. Further the team was able to complete onsite assessments for suppliers in certain countries like, Indonesia, Vietnam and Malaysia with all the required precautions as mandated by local government authorities. While doing so, we ensured that none of our employees, suppliers' personnel and our third party service providers were exposed to any risk.

For every area of non-compliance identified during our supplier assessments, the Company launches a supplier support action to systematically address each issue in turn. The Company's support actions include capacity building, customized participatory workshops, sharing best practices, jointly implemented collaborative programs, and transfer of knowledge and expertise.

With a focus to develop our internal resources, in India, the Company launched SSDP Lead Assessor certification program for our nine Internal SCM professionals, enabling them to conduct supplier assessments independently after the successful completion of the program.

Advocacy, aid and corporate responsibility bodies

The Company is operating in a dynamic, competitive, and regulated environment, making the operations and compliance more complex.

The Company is committed to follow the law of the land and has a policy of zero tolerance to non-compliance which is an integral part of its culture and operating philosophy. To support, streamline and adapt quickly with the ever changing policy framework, we have following key industry memberships -

- (a) Confederation of Indian Industries
- (b) Indian Electrical and Electronics Manufacturers' Association
- (c) Sweden Chamber of Commerce India
- (d) Federation of Indian Chamber of Commerce and Industry
- (e) Central Board of Irrigation and Power

People well-being

The Company continues to attract top talent due to its inclusive culture and the immense opportunities available for nurturing their talent. The people strategy is aligned with the Company's overall ambition to be a pioneering technology leader. This requires a stable work environment in a growing market by maximizing the potential of the Company's workforce. To ensure that the Company continues to attract top talent, multiple employer branding initiatives were launched not limiting to career fairs, recruitment drives, university connect programmes and internship opportunities. 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, persistent attention to provide an inclusive environment to promote diversity in gender, age and culture, including opportunities for global mobility, also form a part of the proactive plan to manage talent in key function areas. The Company's competency has been aligned with the business strategy.

The Company recognized exceptional performance and behavior in line with organizational values through its rewards and recognition programme. There was continuous focus on improving the diversity in the workforce throughout the year. An ex-employee outreach programme was also launched to encourage rehiring of performers who may have left for various reasons. The entire approach to well-being was based on increasing diversity, promoting inclusion and recognizing performance. Medical check-ups and camps were set up through the year to promote physical wellbeing.

Learning and development

Never have we been so severely tested before on the resilience front than recently when we were ourselves coping and helping our customers and employees cope with the COVID-19 outbreak. While the Company's learning and development (L&D) function continued our focus on leadership and professional development programs, we also shifted gears in incorporating self-paced learning and steered away from the status quo through various programs not limited to change management, resilience and others to help employees redefine business problems in a way that makes new, innovative responses possible. The Company's L&D team also saw the transformation of the Global Training Programs such as PG4U, Middle Managers Program, Leadership Essentials Program and Female Talent Development Program. L&D Partners are aligned to enable effective partnering with the business and provide customized learning solutions. While Leadership Development and most other L&D initiatives are in-house, the L&D team also works closely with external training partners to meet certain demands which requires customization. This year, there was increased focus on developing cross cultural awareness and preparing managers to deal with a workforce which is increasingly diverse and technology friendly. At ABB Power Products & Services India Ltd, a self-paced lifelong learning integrated effectively into our workday, is our instrument of choice to empower our employees.

Our workforce leverages Percipio - the newly launched digital learning which platform which houses 500,000+ multi-modal courses, videos, books and micro-learning modules averaging 148 minutes of learning per person per day. Through Percipio, our employee have access to a library of over various learning assets including 15,000+ books and 1,200+ audio books created and curated by subject matter experts. The employees' learning journeys are tailored to suit individual personas. In addition to Percipio, employees also have access to other learning platforms like your Company's LMS, EF (for mastering

English language), Rosetta Stone (for gaining other language skills) and Culture Wizard (to get acclimatized with various cultures across the world). Our webinars, loaded with adaptive course curriculum, challenge our employees to expand the scope of their capabilities on their own terms. To top it all, we've introduced mentoring programs and buddy systems to support employees amass better knowledge retention and even proposes adjacent development opportunities.

Career development and opportunities

Keeping a strong focus on Talent pipeline development, ABB Power Products & Systems India Ltd has embarked on a 'Build & Develop' journey this year, with the objective of enabling a powerful talent ecosystem that helps build and develop capabilities for the future. We are building a new paradigm of 'hybrid jobs' that combine technology, domain and industry experience. This enables us to attract skillsets that complement our growth paradigm. We are also reskilling our workforce through structured learning paths and offering them a new-age skill identity through various talent assessments & customized learning to bridge skill gaps. The Company continues to enable internal talent growth and development by offering open dialogues, having regular performance and development reviews including structured feedback, knowledge transfer and other opportunities for enriching their career. Talent redeployment has been encouraged by providing avenues for internal mobility through talent rotation when any new opportunity of hire arises. Adding to this, opportunities to work on different projects locally and across geographies / businesses are also been provided.

The Company encourages its employees to progress within the organization as opportunities arise. The organization has a strong talent management process to evaluate the best of talent, encourage and provide career development opportunities for promising employees through individual career development plans. Developing leaders internally continues to be a priority for the Company & with that in mind, succession plans are developed for all critical roles in the organization post talent risk assessments and engagement study.

Diversity and inclusion

As a young organization, ABB Power Products and Systems India Limited did witness the launch of Diversity 360 - a new mindset, stronger culture, and new way of working in 2020. Our vision is to position Diversity & Inclusion at the core of our long-term business success. We believe Diversity + Collaboration = Innovation. With Diversity 360 in place, the organization promises to deliver brilliant employee experiences as a new Company, where our extraordinary talents are given the right environment and are empowered to thrive. Diversity 360 works across four workstreams:

1. **A new leadership model** which focuses on D&I strategy being embedded into our everyday behaviors, policies, and leadership decisions.

We focused on developing a new leadership model through

a people partnership approach engaging employees to define future leader needs and expectations, utilized appreciative inquiry methodology for collecting information, validated and co-created a unique leadership model with International Institute for Management Development (IMD).

2. **Female Acceleration** with a commitment to increase gender diversity from 8 percent to 10 percent and progress female representation in middle management and top leadership roles.

This year, the organization focused to strengthen early talent pipeline through university hiring programs and strengthen our female talent attraction strategy to improve diverse experienced professionals' hires. Key talent identification and dedicated development programs to ensure female talent enablement & exposure (Female Talent Development Program) also has been on top of the list.

3. **Live Diversity & Inclusion (D&I)** to create the cultural basis for collaboration and inclusiveness.

To foster the D&I culture in our organisation, ABB Power Products & Systems India Ltd focused on incorporating D&I as each business unit's accountability by launching SPECTRUM - India's diversity & inclusion forum. SPECTRUM provides a platform for employees' networking and engagement and also works with diversity councils to execute D&I initiatives across business units and also measure the effectiveness of all such initiatives. Different awareness programs including unconscious bias programs which help the people managers deep dive into understanding unconscious bias and actions and behaviors that interrupt or mitigate biases were imparted.

4. **Attract and grow talent** to spotlight our values = purpose and social innovation. The organization focused on amending talent attraction policies like Employee Referral Program with improved incentive schemes, early talent attraction policy for university hires with retention schemes etc. to accelerate diversity hiring in India. We created an Employee Value Proposition built on the foundation of our greater purpose, the scale and impact of our work, and how we develop and power careers. The organization continues to create opportunities to grow and develop internal talent - solving the challenges of today and the demands of the future.

The organization through various efforts and initiatives sustained and grew its diversity to 8 percent in 2020.

S.N	Key human resource data of the Company for the year	2020
1	Total number of permanent employees	2,290*
2	New employees added	168
3	Apprentice / Interns / Trainees	346
4	Total number of employees hired on contractual basis	297
5	Number of women employees of the total number of permanent employees	136
6	Number of permanent employees with disabilities	10
7	Recognized employee association	YES
8	Percentage of permanent employees who are members of the recognized association	25%

*As on December 31, 2020

Respecting and promoting human rights

Our values are rooted in respect, including respect for the human rights of every single person who works for or with us. Respecting and promoting human rights in our business activities is one of our priorities in our Communities impact area. The Group recognizes that respect for human rights is a basic requirement and that failure to do so can cause harm to people and adversely affect business, with potential legal, financial and reputational consequences.

The Company follows its Human Rights Policy and a Social Policy to respect human rights and to avoid causing or contributing to adverse human rights impacts through own activities. The policy draws on the Universal Declaration of human rights, the International Labour Organization (ILO) core conventions on labor standards, United Nations Global Compact (UNGC), The Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, UN sustainable development goals (SDG) and the Social Accountability (SA) 8000 standard. All employees have access to the human rights e-learning, which describes the human rights principles and risks for the Company. The Company has made a provision, employees shall report any human rights risk or violation that might occur during projects, services and operations of the Company. Human Rights performance are being monitored based on relevant indicators to evaluate and to prevent human rights impacts in all of the Company’s operations and workplaces. The Company’s Human Rights and Social Policies specifically refer to the ILO core conventions as the minimum to be achieved, with respect to non-discrimination, prohibition of child and enforced labor, freedom of association and the right to engage in collective bargaining. The United Nations (UN) guiding principles are central to the Company’s human rights training. A global awareness-raising program for all focuses on understanding how the Company can potentially impact human rights, the importance of due diligence and how the Company is embedding human rights in business processes, a global capacity building program is under way.

During the year under review, the Company has not received any grievance related to human rights. The Company, in line with the Group policy, seeks to raise its standards, and increase its understanding, and mitigation of human rights risks.

The Company is of the view that, its work on respecting and promoting human rights contributes to UN’s Sustainability Development Goals 4, 5, 8, 9, 10 and 17.



Integrity, transparency and accountability

The Company’s Code of Conduct is the framework that explains the behaviour the Company expects of every employee and stakeholder who work with it. The Company’s Code of Conduct provides a framework to put business principles into practice with utmost integrity. It is a breach of the Company Code of Conduct to fail to report a violation or suspected violation that employees know about or to refuse to cooperate with the investigation of a suspected violation. Each employee is responsible for ensuring that his or her conduct and the conduct of anyone reporting to the employee fully comply with all applicable laws and the Company Code of Conduct. The Group has developed and implemented a systematic approach designed to prevent, detect and resolve any potential integrity concerns. This is supported by tools and processes and a zero-tolerance policy for any violations.

The Company’s integrity program has created an environment where all its employees can be open about identifying risks, asking questions, and raising concerns. This is in line with the Group uses as systematic approach, designed to foster a culture of integrity and compliance. This is carried out through leadership and business accountability, supported by strong tools and processes, and a zero-tolerance policy for violations. As a part of the Group integrity program employees of the Company are not just encouraged but are required to speak up and to report any suspected or observed violations of the law, the Company Code of Conduct, or if they are asked to do something that might be a violation. They are to report on any of their concerns initially to their direct management, country head of integrity, country human resources manager, or alternatively, through country specific business ethics hotline numbers and e-mail which is routed to the Office of Special Investigations (OSI), which is a corporate function within the Company. The Company’s OSI along with the integrity team then work towards investigation, and resolution of issues reported there-in.

The Company has multiple reporting channels available to all its employees/stakeholders and this includes a Business ethics hotline and an email id that is available for employees to report

integrity and compliance concerns or seek guidance. There is a web-based reporting system available for employee/stakeholders reporting (<http://pg.ethicspoint.com/>). All reports received are subjected to appropriate investigation, follow up, and brought to full closure; systematic process and tracking system and the Company enforces a rigorous non-retaliation policy. The Company's Anti-Corruption Policy is stated explicitly in the Corporate Regulations on bribery and anti-corruption and emphasizes key components that are essential for ensuring strict compliance to anti-bribery laws but also refraining from corruption. The Company enforces a rigorous zero-tolerance policy against any involvement in bribery or corruption and has put in place robust policies to prevent bribery such as on gifts, entertainment and expenses, charitable contributions and representatives, and measures to ensure ethical supply chains.

The Company also ensures continuous compliance with competition and antitrust laws. The Company Code of Conduct requires the Company to compete fairly, safeguard confidential information and be mindful of antitrust risks. The Company's behaviour within its teams, with customers, other business partners and in the communities where it operates, are guided by its business principles - respect, responsibility and determination - in compliance with antitrust requirements. The Anti-Trust Guidance Notes aim to address practical business situations and provide rules and guidance for all Company employees on how to conduct themselves in order to comply with antitrust requirements. The Company has an Internal Complaints Committee for the prevention of sexual harassment as a part of the sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013 that aims to provide protection against sexual harassment of women in the

workplace and for prevention and redressal of complaints of sexual harassment and for matters connected there with or incidentals thereto. The Company has Internal Complaints Committee at each location and establishments (all locations where more than 10 women are employed). One complaint was received during the year under review and the inquiry was completed during the year under review.

Community engagement

The Company's Social Policy focuses on society, human rights, children and young workers, freedom of engagement, health and safety, harassment and disciplinary practices, working hours, compensation, suppliers, community involvement and business ethics.

The policy is drawn principally on six sources:

1. The Universal Declaration of Human Rights
2. The UN Guiding Principles on Business and Human Rights
3. The International Labour Organization's Declaration on Fundamental Principles and Rights at work
4. The OECD Guidelines for Multinational Enterprises
5. The Global Sullivan Principles and
6. The Social Accountability 8000 (SA 8000) standard

The Company has its Corporate Social Responsibility (CSR) policy and framework for action along with clear focal areas against which community engagement projects are taken up predominantly in and around its factory locations. Please refer CSR report published elsewhere in this Annual Report for amount spent during the year ended December 31, 2020.

Energy Performance improvement

Steps taken and impact on conservation of energy	<ul style="list-style-type: none"> • Replaced conventional and Metal Halide lights with energy efficient Light Emitting Diode light fixtures in office, production bays, testing and store areas. All upcoming infrastructure investments are planned with installation of energy efficient Light Emitting Diode. • Power saving in lighting achieved by installing motion sensors in washrooms. Installed Timers in High Bay Light fixtures of Core, Assembly and Active part area in Large and Medium Power Transformers factory. It has resulted in Energy saving by controlling the operation of lights in day hours. • Installed Variable Frequency Drive in Air compressor. It resulted in energy saving by reducing energy losses in load and no-load cycle of Air compressor. • Power factor for the year 2020 was maintained at 0.99 by replacing faulty capacitors, increasing the frequency of periodic/preventive maintenance to identify faulty units, replacement of fixed capacitor bank by automatic power factor correction panel. • The old centralized air compressor system is upgraded by installing new energy efficient, automated, Variable Frequency Drive based Air compressor near to the load in Live Tank Breakers and Instrument Transformers factories. It has resulted in saving in energy by reducing the line losses and by increasing the cut off hours of the compressor. • The old underground Mild Steel line of fire hydrant network replaced by stainless steel pipes. It has resulted in saving in water and energy by reducing the frequent operation of Jockey Pump. • Reduction in operating pressure of compressor and attending the leakages thus reducing the operational hours of compressor • New Reverse Osmosis (RO) Plant was installed for treatment of process water from Central Effluent Treatment Plant. • Centralized Effluent Treatment Plant (CETP) for efficient handling & treatment of process water from production lines • Treated water (~ 30%) from RO plant is recycled back to the process there by reducing freshwater intake from the river. • Water audit conducted to find out leakages in the existing network and actions to cap the leakages.
Steps taken by the Company for utilizing alternate sources of energy	<ul style="list-style-type: none"> • Rooftop solar Photo Voltaic power in factory locations • Buying green (solar and wind) from energy service companies (wheeled power) for factory operations
Capital Investment on energy conservation equipment/solution	<ul style="list-style-type: none"> • Light Emitting Diode lighting, Motion sensor system for lighting control • Variable Frequency Drive (VFD) in AHU air compressors • Power factor improvement solutions • Centralized Effluent Treatment Plant (CETP) • New Reverse Osmosis (RO) Plant

Links to policies and programs

Social Policy (ABB Group):

<https://search.abb.com/library/Download.aspx?DocumentID=9AKK107991A1293&LanguageCode=en&DocumentPartId=&Action=Launch>

Human Rights Policy & Statement (ABB Group):

<https://search.abb.com/library/Download.aspx?DocumentID=9AKK107991A1296&LanguageCode=en&DocumentPartId=&Action=Launch>

Corporate Social Responsibility Policy (Company):

<https://www.hitachiabb-powergrids.com/in/en/investor-relations/corporate-governance-policies>

Sexual harassment of women at the workplace Policy (Company):

<https://www.hitachiabb-powergrids.com/in/en/investor-relations/corporate-governance-policies>

Code of Conduct (Company):

<https://search.abb.com/library/Download.aspx?DocumentID=9AKK107680A9270&LanguageCode=en&DocumentPartId=&Action=Launch>

Supplier Code of Conduct (ABB Group):

<https://search.abb.com/library/Download.aspx?DocumentID=9AKK107991A3764&LanguageCode=en&DocumentPartId=&Action=Launch>

Sustainability development goals:

<https://search.abb.com/library/Download.aspx?DocumentID=9AKK107991A3764&LanguageCode=en&DocumentPartId=&Action=Launch>

Corporate Governance (Company):

<https://www.hitachiabb-powergrids.com/in/en/investor-relations/corporate-governance-policies>

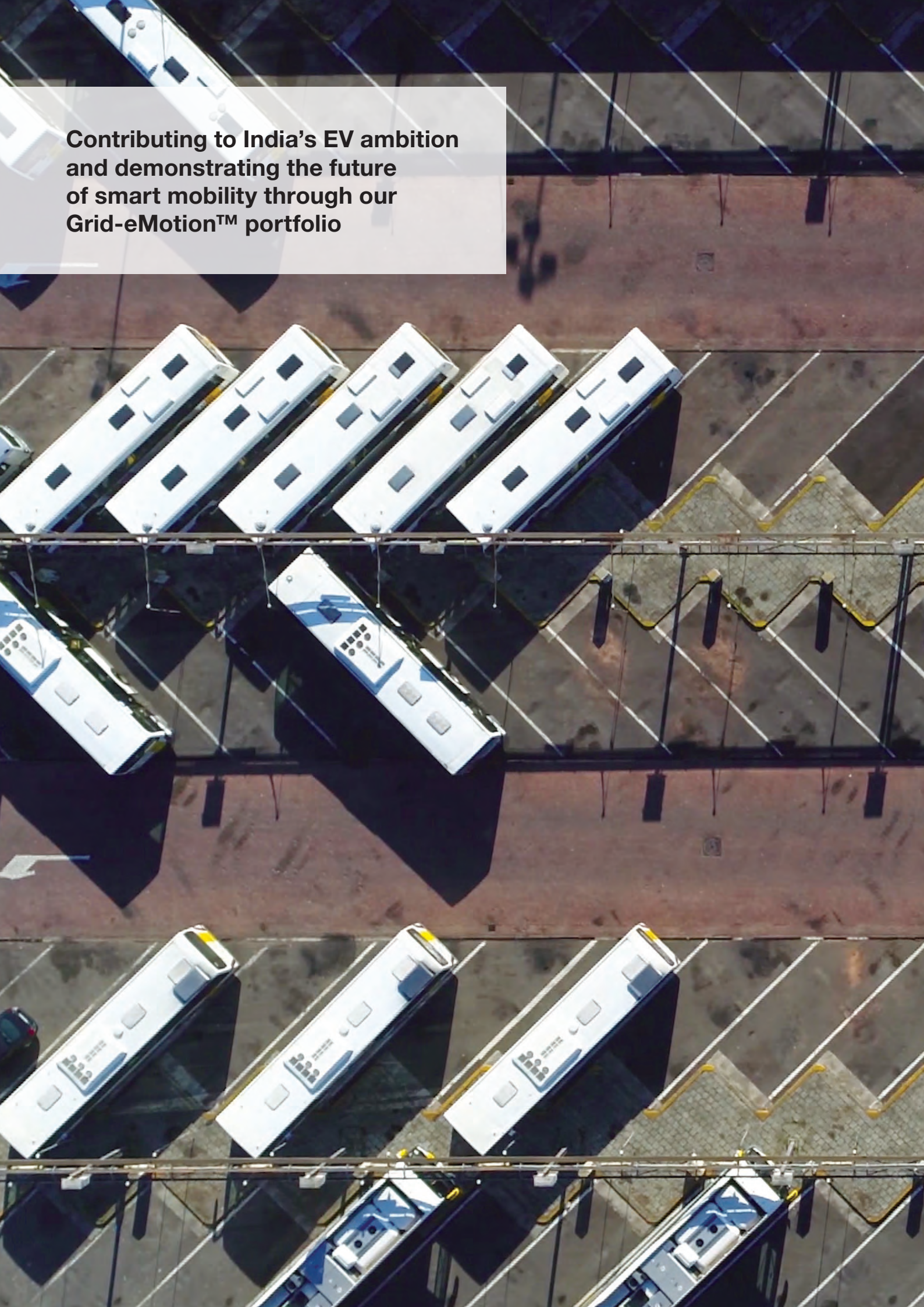
Integrity Program (Hitachi ABB Group):

<https://www.hitachiabb-powergrids.com/ch/en/about-us/integrity>

Hitachi ABB Whistleblower - Protection Policy (Company):

<https://www.hitachiabb-powergrids.com/in/en/about-us/integrity/reporting-channels/whistleblower-protection-policy>

**Contributing to India's EV ambition
and demonstrating the future
of smart mobility through our
Grid-eMotion™ portfolio**





Business Responsibility Report 2020

(As per Regulation 34 (2) (f) of the Listing Regulations, 2015)

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity (CIN) of the Company	L31904KA2019PLC121597
2	Name of the Company	ABB Power Products and Systems India Limited
3	Registered address	8th Floor, Brigade Opus, 70/401, Kodigehalli Main Road, Bengaluru - 560092
4	Website	https://www.hitachiabb-powergrids.com/in/en
5	e-mail ID	in-investorhelpdesk_appsil@hitachi-powergrids.com
6	Financial period reported	01.01.2020 TO 31.12.2020
7	Sector(s) that the Company is engaged in (industrial activity code wise)	Manufacture of electric transformers, and electricity distribution and control apparatus - 271
8	List three key products/services that the Company manufactures/ provides (as in balance sheet)	1 High Voltage Switchgear of all types 2 Transformers 3 Grid Automation products & systems
9	Total number of locations where business activity is undertaken by the Company	16 factories
	A Number of International Locations (provide details of major 5):	Branch Office in Bangladesh. (Sri Lanka & Nepal is in process)
	B Number of National locations:	16 factories in 5 locations and 17 sales offices as on December 31, 2020
10	Markets served by the Company - Local/State/National/International	Asia, Middle East, Africa, Europe and Americas

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (₹)	8.48 crores
2	Total Turnover (₹)	3,438.94 crores
3	Total profit after taxes (₹)	93.76 crores (after considering other comprehensive income)
4	Total Spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax (%)	₹ 10,814,512 (1.15%)
5	List of activities in which expenditure in 4 above has been incurred	Refer CSR report attached to the Boards' Report

SECTION C: OTHER DETAILS

1	Does the Company have any Subsidiary Company/Companies?	No
2	Do the Subsidiary Company/Companies participate in the Business Responsibility (BR) Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)	NA
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	Less than 30%

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

(a) Details of Director/Directors responsible for implementation of the BR policy/policies

1	DIN Number	07032076
2	Name	Venu Nuguri
3	Designation	Managing Director and Chief Executive Officer

(b) Details of the BR Head

1	Name	Chakravarthi Arun
2	Designation	Country HSE
3	Telephone number	080-2204 1800
4	e-mail ID	chakravarthi.arun@hitachi-powergrids.com

2. Principle - wise (as per National Voluntary Guidelines - NVGs) BR Policy/policies

(a) Details of compliance (Reply in Y/N)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy / policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
		P1 Environment, Health and Safety Policy P2 Corporate Social Responsibility Policy P3 Sexual Harassment of Women at the Workplace Policy P4 Anti-Corruption Policy P5 Whistle Blower Protection Policy P6 Group Social Policy P7 Group Human Rights Policy P8 Hitachi ABB's Code of Conduct P9 Hitachi ABB Supplier Code of Conduct								
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes								
3	Does the policy conform to any national/international standards? If yes, specify? (50 words)	Yes								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Few of the policies have been approved by the Board and other Group policies are adopted by the Company.								
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy	The Company has a committee for CSR and Sexual Harassment of Women at the Workplace. For the other policies, the Company has adequate internal control on its implementation.								
6	Indicate the link for the policy to be viewed online?	Please refer to the section on 'Links to the Company Policies and Programs' section of the detailed BRR document								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes All of the policies are available to the stake holders through the Company's web page								
8	Does the Company have in-house structure to implement the policy/policies?	Yes								
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes								
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	No								

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	NA								
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principle	NA								
3	The Company does not have financial or manpower resources available for the task	NA								
4	It is planned to be done within next 6 months	NA								
5	It is planned to be done within the next 1 year	NA								
6	Any other reason (please specify)	NA								

3. Governance related to BR

(a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annually								
(b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Yes, FY 2019 being the first financial period, the Company had published Business Responsibility report for FY 2019 in FY 2020 forming part of Annual report published in FY 2020. https://www.hitachiabb-powergrids.com/in/en/investor-relations/financial-results--reports-and-presentations								

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1		
1	Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?	No It extends to the Group/Joint Ventures, Suppliers, Contractors, NGOs and Others.
2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so	436. 100% was replied to.

Principle 2		
1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities	(a) Gas insulated switch gear (b) Ester filled transformers (c) Dry type distribution transformers
2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):	Life Cycle Analysis (LCAs) have been conducted for products such as power transformers, breakers, gas insulated switchgears, current relays, etc. and these also have environmental product declarations (EPD)
	(a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?	Not available
	(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?	Not available
3	Does the Company have procedures in place for -sustainable sourcing (including transportation)?	<p>Yes. The Company has set procedures to select suppliers, contractors and service providers based on their competence and capability to undertake tasks and in compliance with the Hitachi ABB Power Grids Supplier Code of Conduct which includes health & safety, environment, ethics & integrity, human rights, working conditions among others. As a guiding principle the Company prefers to do business with compliant and sustainable suppliers. The Company has set procedures in place for sustainable transportation as well. At the time of qualification to become Company's supplier, the vendor is assessed across sustainability matrix.</p> <p>The Company has implemented a Supplier Sustainability Development Program (SSDP) as part of a comprehensive sustainable sourcing initiative. The goal of the SSDP is to ensure compliance with the Supplier Code of Conduct, to support continual improvement of the sustainability performance of suppliers and to provide customers with a highly competitive and sustainable supply chain. In the scope of this program, the Company trained both suppliers and Company employees, and carried out supplier audits to identify improvement in the areas of general management, working hours, remuneration, social benefits, health and safety, environmental protection etc.</p> <p>Yes. The Group directive specifically for Sourcing Transport & Logistics service is a guidance document that the Company follows. Among many other stringent criteria that the supplier is evaluated upon, key sustainability aspects that are reviewed for selection include: HSE policy and training programmes of the vendor, compliance to internal and external certification of the operations staff of the vendor for HSE training to ensure their HSE competencies prior to commencement of work, compliance to PPE requirement, certification of all safety tools, equipment by third party and to check if the vendor is in compliance with all the governmental environmental regulations, energy performance improvement and Carbon footprint initiatives. There are also stringent qualifications across Hitachi ABB Power Grids' Human Rights policy, training, and adherence to Hitachi ABB Power Grids' RoHS, REACH compliance and to Hitachi ABB Power Grids List of Restricted and Prohibited Substances for supplier qualification.</p>
	(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	All of the Company's suppliers mandatorily go through a stringent evaluation and qualification criteria before they are registered with the Company. The qualification procedures include all aspects of sustainability performance.
4	Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work	Yes. Businesses do have their list of local suppliers. However, the Company has moved towards a centralized procurement team and all of its supplier's and suppliers need to meet with the set of qualification requirements of the Company.
	(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	The Company has analysed and identified the most common issue of its suppliers as "limited knowledge in legal requirements related to factory" during sustainability assessments. Training materials on relevant local laws and information has been made available to the participants of the SSDP.
5	Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so	Yes. Greater than 10%

Principle 3

1	Please indicate the total number of employees	Permanent employees: 2,290
2	Please indicate the total number of employees hired on temporary/contractual/casual basis	New employees added in the year: 168 Apprentice/Interns/Trainees: 346 Contract employees: 297
3	Please indicate the number of permanent women employees	136
4	Please indicate the number of permanent employees with disabilities	15
5	Do you have an employee association that is recognized by management?	YES
6	What percentage of your permanent employees are members of this recognized employee association?	25%
7	Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year	There were no complaints relating to child labour, forced labour and 1 complaint was filed under sexual harassment during the year

No.	Category	No of complaints filed during the financial year	No of complaints filed pending at end of the financial year
1	Child labour/forced labour/involuntary labour	NIL	NIL
2	Sexual harassment	1	NIL
3	Discriminatory employment	NIL	NIL
8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?	Yes. All the Company's employees underwent safety related training and skill upgradation on a periodical basis	
	(a) Permanent Employees	During the period under review over 15,000 manhours of training imparted to permanent employees	
	(b) Permanent Women Employees	During the period under review over 1000 manhours of training was imparted to permanent women employees	
	(c) Casual/Temporary/Contractual Employees	This category of employees is subjected to skill-based training depending on the work and job roles. Training matrix is designed based on their job risk profiles. As and when required, refresher trainings are provided to upgrade skills based on any changes in the work/job profiles of employees. During the period under review 10,000 manhours were clocked for contractor safety trainings	
	(d) Employees with Disabilities	Training on various aspects are given to employees including persons with disabilities	

Principle 4

1	Has the Company mapped its internal and external stakeholders? Yes/No	Yes
2	Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders	Yes. The Company has identified vulnerable groups who are targeted for Corporate Social Responsibility (CSR)
3	Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so	Yes, the Company has undertaken CSR initiatives in FY 2020

Principle 5

1	Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?	No. It is applicable to all – Group, Joint Ventures, Suppliers, Contractors, NGOs and Others
2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management	NIL

Principle 6		
1	Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?	No, It is applicable to all – Group, Joint Ventures, Suppliers, Contractors, NGOs and Others
2	Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc	Yes Energy and Climate (hitachi-powergrids.com) Hazardous Substances and Biodiversity (hitachi-powergrids.com) Planet (hitachiabb-powergrids.com) Sustainability (hitachiabb-powergrids.com)
3	Does the Company identify and assess potential environmental risks? Y/N	Yes
4	Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	No
5	Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc	Yes
6	Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported	Yes
7	Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of financial year	NIL
Principle 7		
1	Is your Company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with:	(a) Confederation of Indian Industries (CII) (b) Indian Electrical and Electronics Manufacturers' Association (IEEMA) (c) Sweden Chamber of Commerce India (d) Federation of Indian Chamber of Commerce and Industry (e) Central Board of Irrigation and Power
2	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	No
Principle 8		
1	Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	Yes. The Company has a CSR policy and activities are on 5 key focal areas for its social development projects.
2	Are the programmes/projects undertaken through in-house team/ own foundation/external NGO/government structures/any other organization?	Yes
3	Have you done any impact assessment of your initiative?	NA
4	What is your Company's direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken?	Please refer CSR annexure forming part of Directors report.
5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	Please refer CSR annexure forming part of Directors report.
Principle 9		
1	What percentage of customer complaints/consumer cases are pending as on the end of financial year.	NIL
2	Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/NA/ Remarks (additional information)	No
3	Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	No
4	Did your Company carry out any consumer survey/consumer satisfaction trends?	Yes

Notice to the Members

NOTICE is hereby given that the SECOND ANNUAL GENERAL MEETING of the Members of ABB Power Products and Systems India Limited (“the Company”) will be held on Thursday, May 27, 2021 at 11.00 am (IST) through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”) including remote e-voting process to transact the following businesses. The venue of the meeting shall be deemed to be the Registered Office of the Company at 8th Floor, Brigade Opus, 70/401, Kodigehalli Main Road, Bengaluru - 560092.

Ordinary Business:

Item No. 1 - Adoption of Financial Statements and Reports of the Board of Directors and the Auditors thereon.

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 Account for the financial year ended December 31, 2020, (iii) the Cash Flow Statement for the financial year ended December 31, 2020, (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 Board of Directors and the Auditors thereon.

Item No. 2 - Declaration of dividend.

To declare a dividend of ₹ 2/- per Equity Share of ₹ 2/- each for the financial year 2020.

Special business:

Item No. 3 - Appointment of Mr. Achim Michael Braun (DIN: 08596097) as a Director.

To consider and, if thought fit, to give your assent or dissent to the following **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 161 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder including any statutory modification(s) or re-enactment thereof for the time being in force read with the Articles of Association of the Company, Mr. Achim Michael Braun (DIN: 08596097), who was appointed as Additional Director on February 25, 2021 and who holds office up to the date of this Annual General Meeting under Section 161(1) of the Companies Act, 2013 read with Article 94 of the Articles of Association of the Company and pursuant to the

recommendation of the Nomination and Remuneration Committee and as approved by the Board of Directors at its meeting held on February 25, 2021 in respect of whom the Company has received a notice in writing under Section 160(1) of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director (Non-Executive and Non-Independent Director and Chairman) of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors of the Company and/or any of the Key Managerial Personnel of the Company for the time being, be and are hereby jointly and severally be authorized to file necessary returns/forms with the Registrar of Companies and to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution.”

Item No. 4 - Appointment of Mr. Ismo Antero Haka (DIN: 08598862) as a Director.

To consider and, if thought fit, to give your assent or dissent to the following **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 161 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder including any statutory modification(s) or re-enactment thereof for the time being in force read with the Articles of Association of the Company, Mr. Ismo Antero Haka (DIN: 08598862), who was appointed as Additional Director on February 25, 2021 and who holds office up to the date of this Annual General Meeting under Section 161(1) of the Companies Act, 2013 read with Article 94 of the Articles of Association of the Company and pursuant to the recommendation of the Nomination and Remuneration Committee and as approved by the Board of Directors at its meeting held on February 25, 2021 in respect of whom the Company has received a notice in writing under Section 160(1) of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director (Non-Executive and Non-Independent Director) of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors of the Company and/or any of the Key Managerial Personnel of the Company for the time being, be and are hereby jointly and severally be authorized to file necessary returns/forms with the Registrar of Companies and to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution.”

Item No. 5 - Approval of remuneration to the Cost Auditor of the Company for Financial period from January 01, 2021 to March 31, 2022.

To consider and, if thought fit, to give your assent or dissent to the following **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the payment of remuneration of ₹ 1,850,000/- (Rupees Eighteen lakhs and Fifty thousand only) per annum plus applicable taxes and out of pocket expenses actually incurred during the course of audit to M/s. Ashwin Solanki & Associates, Cost Accountants (Firm Registration No.100392) appointed as Cost Auditor, by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the Financial period ending March 31, 2022, (15 months from January 01, 2021 to March 31, 2022) be and is hereby approved.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Item No. 6 - To borrow money in excess of prescribed limit as per Companies Act, 2013.

To consider and, if thought fit, to give your assent or dissent to the following **Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereto including any statutory modifications or re-enactments thereof and Article 114 of and other applicable provisions of Articles of Association of the Company, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to borrow money, as and when required, from, including without limitation, any Bank and/or other Financial Institution and/or foreign lender and/or any body corporate/ entity/entities and/or authority/ authorities, either in rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding a sum of ₹ 6,000 crore (Rupees Six Thousand Crore only) for the Company notwithstanding that money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company, its free reserves and securities premium.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board of Directors
For **ABB Power Products and Systems India Limited**

Poovanna Ammatanda
General Counsel & Company Secretary
FCS-4741

Bengaluru
February 26, 2021

Registered Office:
8th Floor, Brigade Opus, 70/401, Kodigehalli Main Road,
Bengaluru - 560092
CIN: L31904KA2019PLC121597
Phone: 080 2204 1800

Notice:

1. This AGM is convened through Video Conferencing (“VC”)/Other Audio-Visual Means (“OAVM”) pursuant to General Circular number 02/2021 dated January 13, 2021 and Circular number 20/2020, dated May 5, 2020 read with Circular numbers 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020, 39/2020 dated December 31, 2020 issued by the Ministry of Corporate Affairs (MCA) and Circular number SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 read with Circular number SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 issued by the Securities and Exchange Board of India (SEBI (hereinafter collectively referred to as ‘Circulars’)), which allow the companies to hold AGMs through VC/OAVM.
2. In compliance with the aforesaid Circulars, this AGM Notice along with the Annual Report for the financial year ended December 31, 2020 is sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories. The AGM notice and Annual Report of the Company are made available on the Company’s website at <https://www.hitachiabb-powergrids.com/in/en/investor-relations/financial-results--reports-and-presentations> and also on the website of the Stock Exchanges where the shares of the Company have been listed viz., BSE Limited - www.bseindia.com and National Stock Exchange of India Limited - www.nseindia.com. The Company has published a Public Notice by way of advertisement in Kannada Language, the principal vernacular language of Karnataka and in English language in an English newspaper with the required details of 2nd AGM for information of the Members.
3. The Company has availed the services of National Securities Depository Limited (NSDL), as the authorised agency for conducting of the AGM through VC/OAVM and providing e-voting facility. The Members can join the AGM in the VC/OAVM mode 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The Members will be able to view the proceedings on the National Securities Depository Limited’s e-Voting

website at <https://www.evoting.nsdl.com> The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 Members on a first come first served basis as per the MCA Circulars. The detailed instructions for joining the meeting through VC/OAVM form part of the Notes to this Notice.

4. Though a Member entitled to attend and vote at the meeting, is entitled to appoint one or more proxies (proxy need not be a member of the Company to attend and vote instead of himself/herself), the facility of appointment of Proxies is not available as the AGM is convened through VC/OAVM.
5. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. In case of joint holders only such joint holder who is higher in the order of names will be entitled to vote during the meeting. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc..) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., to attend the AGM through VC/OAVM on its behalf together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at e-mail: cs.skannan@gmail.com with a copy marked to evoting@nsdl.co.in The scanned image of the above mentioned documents should be in the naming format "ABB Power Products and Systems India Limited 2nd Annual General Meeting."
7. The statement pursuant to Section 102 of the Companies Act, 2013 and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) 2015, setting out the material facts concerning special business at Item No 3, 4, 5 and 6 is annexed hereto.
8. The Register of Members and the Share Transfer Books of the Company will remain closed from May 21, 2021 to May 27, 2021 (both days inclusive) for the purpose of annual general meeting and dividend. The cut-off date for e-voting is May 19, 2021 and record date for dividend is May 20, 2021.
9. The Company is proposing dividend for financial year ended December 31, 2020. Also, this being the second financial year of the Company, there was no requirement to transfer any dividends not encashed or remaining unclaimed for a period of 7 (seven) years from the date of transfer to the Company's Unpaid Dividend Account, to the Investor Education and Protection Fund ("IEPF"), established under Section 125 of the Companies Act, 2013. Also, there was no requirement to transfer all shares on which dividend has not been paid or claimed for seven consecutive years or more to IEPF Authority as notified by the Ministry of Corporate Affairs. As the Company was incorporated on February 19, 2019, it may be noted that there is no Unclaimed Dividend lying with the Company or in IEPF account. Pursuant to the Scheme of Arrangement (Demerger), for the shares that

were allotted directly to IEPF account, the concerned Members/claimants may claim the shares by making an application to IEPF Authority in Form IEPF 5 (available on www.iepf.gov.in) along with requisite fee as decided by it from time to time. The Member/claimant can file only one consolidated claim in a financial year as per the IEPF Rules. 9,266 Equity shares arising out of fractional shares were sold on July 27, 2020 out of that 73.20 equity shares were pertaining to IEPF and net amount ₹ 49,932.30 (after deduction of taxes) was deposited into IEPF account on August 3, 2020. The concerned Members/claimants may claim the proceeds of fractional shares by making an application to IEPF Authority in Form IEPF 5 (available on www.iepf.gov.in) along with requisite fee as decided by it from time to time.

10. Members are requested to intimate, indicating their folio number, the changes, if any, in their registered address, either to the Company's Registrar and Share Transfer Agents ("RTA"), KFin Technologies Private Limited ("KFintech") at the address captured under "Information at a glance" or to their respective Depository Participant ("DP") in case the shares are held in dematerialized form.
11. The dividend of ₹ 2.00/- per Equity Share of ₹ 2/- each, as recommended by the Board of Directors of the Company, if declared by the members at the AGM, will be paid subject to deduction of income-tax at source ("TDS") on and from Monday, May 31, 2021, as under:

For Shares held in electronic form: To all the Beneficial Owners as at the end of the day on Thursday, May 20, 2021 as per the list of beneficial owners to be furnished by the NSDL and Central Depository Services (India) Limited ("CDSL"); and

For shares held in physical form: To all the Members after giving effect to valid transmission and transposition in respect of valid requests lodged with the Company as of the close of business hours on Thursday, May 20, 2021.

12. Pursuant to the Finance Act, 2020, dividend income is taxable in the hands of the Members w.e.f. 1st April 2020 and the Company is required to deduct TDS from the dividend paid to the Members at prescribed rates in the Income Tax Act, 1961 (the "IT Act"). In general, to enable compliance with TDS requirements, Members are requested to complete and/or update their Residential Status, PAN, Category as per the IT Act with their Depository Participants ("DPs") or in case shares are held in physical form, with the Company by sending documents through e-mail by Thursday, May 20, 2021.
13. It is in the interest of Members to register their bank details against their account for receiving the credit of dividend directly to their bank account through electronic means. Members are requested to note that, in order to avoid any loss/ interception in postal transit and also to get prompt credit of dividend through National Electronic Clearing Service (NECS)/Electronic

Clearing Service (ECS) they should submit their NECS/ECS details to the Company's Registrar and Share Transfer Agents (RTA) in case of holding shares in physical form and in case Members holding shares in electronic form, they may submit the NECS/ECS details to their depository participant.

14. As a part of the green initiatives, the Members who have not yet registered their e-mail addresses are requested to register their e-mail addresses with their DPs in case the shares are held by them in electronic form and with KFin Technologies Private Limited ("KFintech") in case the shares are held by them in physical form. Upon such Registration, all communication from the Company/RTA will be sent to the registered e-mail address.
15. As required by Regulation 36 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India, the relevant detail of Director seeking appointment at this Annual General Meeting is given in the annexure to the Notice of the Annual General Meeting.
16. The members/investors may send their complaints/queries, if any to the Company's Registrar and Share Transfer Agents' e-mail ID: einward.ris@kfintech.com or to the Company's designated/exclusive e-mail in-investorhelpdesk_appsil@hitachi-powergrids.com
17. As per the provisions of Section 72 of the Act and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, Members holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Share Transfer Agents. In respect of shares held in demat form, the nomination form may be filed with the respective DP.
18. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. Hence, the Members holding shares in physical form are requested to consider converting their holdings in the dematerialized form. The Members who are desirous to convert their physical holdings into dematerialized form, may contact the Depository Participant of their choice.
19. All documents referred in the accompanying Notice and Statement setting out material facts will be available electronically for inspection for Members on all working days between 10.00 a.m. and 12.00 noon up to Thursday, May 27, 2021 being the date of the Annual General Meeting. Members seeking to inspect such documents can send an e-mail to in-investorhelpdesk_appsil@hitachi-powergrids.com.
20. Updation of Members' details: The format of the Register of Members prescribed by the Ministry of

Corporate Affairs under the Companies Act, 2013 requires the Company/Registrars and Share Transfer Agents to record additional details of Members, including their PAN details, e-mail address, bank details for payment of dividend, etc. Members holding shares in physical form are requested to furnish the above details to the Company or KFintech, its Registrars and Share Transfer Agents. Members holding shares in electronic form are requested to furnish the details to their respective DP.

Process for registering e-mail addresses to receive this Notice electronically and cast votes electronically:

- i) Registration of e-mail address permanently with Company/DP: Members are requested to register the same with their concerned DPs, in respect of electronic holding and with KFintech (Registrars and Share Transfer Agents) in respect of physical holding, by writing to them at einward.ris@kfintech.com Further, those Members who have already registered their e-mail addresses are requested to keep their e-mail addresses validated / updated with their DPs/KFintech to enable servicing of notices / documents / Annual Reports and other communications electronically to their e-mail address in future.
- ii) Alternatively, Members may :
 - (1) In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to in-investorhelpdesk_appsil@hitachi-powergrids.com
 - (2) In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to in-investorhelpdesk_appsil@hitachi-powergrids.com
 - (3) Alternatively member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by sending all required documents and information as per the details mentioned in Point (1) or (2) as the case may be.
21. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised not to leave their Demat account(s) dormant for long. Periodic statements of holdings should be obtained from the concerned DPs and holdings should be verified from time to time.

22. Since the AGM being held through VC/OAVM, the Route Map, Attendance Slip and proxy form are not attached to this Notice.
23. Remote e-Voting before/during the AGM :
- i) Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI LODR (as amended) and the MCA Circulars, the Company is providing the facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with NSDL for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a Member using remote e-Voting system as well as remote e-Voting during the AGM will be provided by NSDL.
 - ii) Members of the Company holding shares either in physical form or in electronic form as on the cut-off date i.e. Wednesday, May 19, 2021 may cast their vote by remote e-Voting. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting before the AGM as well as remote e-Voting during the AGM. Any person who acquires shares of the Company and becomes a Member of the Company after the dispatch of the Notice and holding shares as on the cut-off date i.e., Wednesday, May 19, 2021, may obtain the User ID and Password by sending a request at evoting@nsdl.co.in.
 - iii) The remote e-Voting period commences 9.00 a.m. IST on Saturday, May 22, 2021 and ends at 5.00 p.m. IST on Wednesday, May 26, 2021. The remote e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. The voting rights of the Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date i.e., Wednesday, May 19, 2021.
 - iv) Members will be provided with the facility for voting through the electronic voting system during the VC proceedings at the AGM and Members participating at the AGM, who have not already cast their vote by remote e-Voting, will be eligible to exercise their right to vote at the end of discussion on the resolutions on which voting is to be held, upon announcement by the Chairperson. Members who have cast their vote on resolution(s) by remote e-Voting prior to the AGM will also be eligible to participate at the AGM through VC/OAVM but shall not be entitled to cast their vote on such resolution(s) again.
- v) The remote e-Voting module on the day of the AGM shall be disabled by NSDL for voting 15 minutes after the conclusion of the Meeting.
24. Instructions for attending the AGM through VC/OAVM and remote e-Voting (before and during the AGM) are given below:
- A. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM
1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company i.e. 115961 will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
 2. Members are encouraged to join the Meeting through Laptops for better experience.
 3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
 4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
 5. Members are encouraged to submit their questions in advance with regard to the financial statements or any other matter to be placed at the 2nd AGM, from their registered e-mail address, mentioning their name, DP ID and Client ID number/folio number and mobile number, to reach the Company's e-mail address at in-investorhelpdesk_appsil@hitachi-powergrids.com before 5.00 p.m. (IST) on Monday, May 24, 2021. Such questions by the Members shall be suitably replied by the Company.
 6. Members who would like to express their views/ask questions as a speaker at the Meeting may pre-register themselves by sending a

request from their registered e-mail address mentioning their names, DP ID and Client ID/ folio number, PAN and mobile number at in-investorhelpdesk_appsil@hitachi-powergrids.com between Thursday, May 20, 2021 (9.00 a.m. IST) and Monday, 24, 2021 (5.00 p.m. IST). Only those Members who have preregistered themselves as a speaker will be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

B. INSTRUCTIONS FOR REMOTE E-VOTING BEFORE/ DURING THE AGM.

The instructions for Members for remote e-Voting are as under: The way to vote electronically on NSDL e-Voting system consists of 'Two Steps' which are mentioned below:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below: How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under the 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password, and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com> with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.

b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 115961 then user ID is 115961001***.

5 Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your Demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account, or folio number for shares held in physical form. The pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned in process for those shareholders whose email IDs are not registered.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- a) Click on "Forgot User Details/Password?" (If you are holding shares in your Demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on <https://www.evoting.nsdl.com>

- c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your Demat account number/folio number, your PAN, your name, and your registered address.
 - d) Members can also use the OTP (“One Time Password”) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the checkbox.
 8. Now, you will have to click on the “Login” button.
 9. After you click on the “Login” button, the Home page of e-Voting will open.

Details on Step 2 is given below: How to cast your vote electronically on NSDL e-Voting system?

1. After a successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of the Company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for Members

1. It is strongly recommended not to share your password with any other person and take the

utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on <https://www.evoting.nsdl.com/> to reset the password.

2. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 / 1800 224 430.
3. Any person who acquires shares of the Company and becomes a Member of the Company after the dispatch of the Notice and holding shares as on the cut-off date, i.e. Wednesday, May 19, 2021, may obtain the User ID and password by sending a request at evoting@nsdl.co.in. However, if you are already registered with NSDL for remote e-Voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you may reset your password by using “Forgot User Details/Password” option available on www.evoting.nsdl.com or contact NSDL at the following Toll free no. 1800 1020 990 / 1800 224 430.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

25. Procedure to be followed by the Members updation of bank account mandate for receipt of dividend (whenever declared):

As per the Income Tax Act, 1961, as amended by the Finance Act, 2020, dividends paid or distributed by companies on or after April 1, 2020 shall be taxable in the hands of the shareholders. The Company shall, therefore, be required to deduct tax at source at the prescribed rates ("TDS") at the time of making the payment of the dividend. Detailed instruction with regards to the same is given below.

Updation of details for TDS and payment of dividend

You are requested to register/update your Permanent Account Number, Bank details, Email address, Residential address, Residential status in India (i.e. Resident or Non-Resident for FY 2021-22) with your Depository Participant (in case of electronic holding) or with the Company/Registrar and Share Transfer Agent (in case of physical holding) latest by May 20, 2021. Details available with the Company in the Register of Members/Register of Beneficial Ownership maintained by the Depositories

will be relied upon by the Company, for the purpose of complying with the applicable TDS provisions.

In view of the prevailing lockdown due to COVID-19 pandemic, the dividend will be paid electronically in the bank accounts of the Members whose Bank details are available with the Company/Registrar and Share Transfer Agent.

For the Members, whose Bank details are not updated/registered as aforesaid, the Company shall dispatch the same through postal services.

Provisions related to TDS and documents required

You are requested to take note of the below stated TDS rates and document(s), if any, required to be submitted to the Company or Registrar for your respective category on or before May 20, 2021, in order to comply with the applicable TDS provisions.

Resident Members

Tax is required to be deducted at source under Section 194 of the Income Tax Act, 1961, as amended by the Finance Act, 2020 ("the Act"), at 10% on the amount of dividend. However, the same may be subject to certain exceptions as per the Act, which are stated hereunder:

For Resident Individuals/ HUF /Domestic company/ Private trusts/ Other trusts/ Body of Individuals/ Association of Persons/ Partnership Firm / Limited Liability Partnership (LLP)/ Alternative Investment Funds (Category III) Members

- No tax shall be deducted on the dividend payable to resident individuals if the total dividend to be received during financial year 2020-21 does not exceed ₹ 5,000/-.

- No tax shall be deducted on the dividend payable to resident individuals if the Member has provided Form 15H (applicable to an Individual above the age of 60 years) or Form 15G, as per the attached formats, provided that all the required eligibility conditions are met.

- In case of Members who have provided a valid certificate issued under section 197 of the Act for lower / NIL rate of deduction or an exemption certificate issued by income tax authority, the rates mentioned in such certificate shall be considered for deduction of tax at source.

Note: Registering the valid Permanent Account Number (PAN) for the registered Folio/DP ID/Client ID is mandatory. In absence of PAN/Valid PAN, tax will be deducted at a higher rate of 20%, as per Section 206AA of the Act.

Download Forms -

[Click Here](#) to download Form 15H

[Click Here](#) to download Form 15G

For Resident Non-Individuals Members

No tax shall be deducted at source on the dividend payable to certain resident non-individuals as per the provisions of the Act on submission of the documents mentioned below:

(a) Insurance Companies specified in the second proviso to Section 194 of the Act: Declaration that the insurance company has full beneficial interest with respect to the shares owned by it along with an attested copy of the PAN of the insurance company.

(b) Mutual Funds: Certificate of registration under Section 10(23D) of the Act issued by the appropriate authority along with an attested copy of the PAN of the mutual fund.

(c) Alternative Investment Fund: Self-declaration that its income is exempt under Section 10(23FBA) of the Act and that the Fund is governed by the SEBI Regulations as Category I or Category II Alternative Investment Fund, along with an attested copy of the PAN and registration certificate.

(d) Other Non-Individual Members: Documentary evidence along with an attested copy of the PAN for Members who are exempted from deduction of tax under Section 194 of the Act, and categories covered under Section 196 of the Act.

(e) REIT/ InvIT:

As per the recent Union Budget, 2021, it is proposed that no TDS is applicable on Real Estate Investment Trust and Infrastructure Investment Trust.

Further, in case of Members who have provided a valid certificate issued under Section 197 of the Act for lower/ NIL rate of deduction or an exemption certificate issued by income tax authority, the rates mentioned in such certificate shall be considered for deduction of tax at source.

Note: Recording of the Valid Permanent Account Number (PAN) for the registered Folio/DP id-Client Id is mandatory. In absence of PAN/ Valid PAN, tax will be deducted at a higher rate of 20%, as per Section 206AA of the Act.

Non-Resident Members

WHT is applicable as per the provisions of income tax as per section mentioned against the category of the members

Category of member	Relevant TDS Section	Rates applicable
Non-resident individual	115A read with 195	28.50%
Foreign LLP		23.30%
Foreign Company		21.84%
Overseas Trust		28.50%

Non-resident Members can avail the benefit of Double Tax Avoidance Treaty between India and their country of residence on submission of the documents mentioned below: Self-attested copy of the Permanent Account Number (PAN Card) allotted by the Indian Income Tax authorities.

Self-attested copy of Tax Residency Certificate (TRC) (of FY 2021-22 or calendar year 2021) obtained from the tax authorities of the country of which the Member is resident. Self-declaration in Form 10F if all the details required in this form are not mentioned in the TRC.

Self-declaration by the non-resident Member of having no Permanent Establishment in India in accordance with the applicable Tax Treaty (of FY 2021-22 or calendar year 2021) along with Self-declaration of Beneficial ownership (of FY 2021-22 or calendar year 2022) by the non-resident Member.

Any other documents prescribed under the Income-tax Act, 1961 for lower or NIL withholding of tax, if applicable.

Kindly note that the Company is not obligated to apply beneficial tax treaty rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial rate of tax treaty for the purpose of withholding taxes shall depend upon completeness and satisfactory review by the Company of the documents submitted by the non-resident Member.

In case of Foreign Institutional Investors (FI), taxes shall be withheld at 20% plus applicable surcharge and cess in accordance with provisions of Section 196D of the Act. In case of Foreign Portfolio Investors (FPI), taxes shall be withheld at the respective rates as per tax treaties.

Download Forms -

Click Here to download Form 10F

Click Here to download Self Declaration

Members having multiple accounts under different Status/Category

Members holding shares under multiple accounts under different status/category and single PAN, may note that higher of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.

NIL TDS for the following category of members

The Government, RBI, Corporation established by Central Act, / Securitization trust/ Insurance companies as per the provisions of Income tax u/s 194, 196 and 197A(1F).

Notes :

In view of the prevailing pandemic situation, only scanned copies of the aforementioned documents will be accepted by the Company. The documents (duly completed and signed) are required to be submitted to KFin Technologies Private Limited, Registrar and Share Transfer Agent of the Company not later than May 20, 2021 in order to enable the Company to determine and deduct TDS/withholding tax at appropriate rate. Communication on tax determination/deduction shall not be entertained post May 20, 2021.

Kindly note that the afore mentioned documents should be uploaded with KFin Technologies Private Limited, the Registrar and Transfer Agent ("KFinTech") at <https://ris.kfintech.com/form15> or emailed to einward.ris@kfintech.com. No communication on the tax determination/deduction shall be entertained after May 20, 2021.

For all self-attested documents, Members must mention on the document "certified true copy of the original". For all documents being uploaded by the Member, the Member undertakes to send the original document(s) on the request by the Company.

In case, the dividend income is assessable to tax in the hands of a person other than the registered Member as on the Book Closure Date, the registered Member is required to furnish a declaration containing the name, address, PAN of the person to whom TDS credit is to be given and reasons for giving credit to such person.

It may be further noted that in case the tax on dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents, there would still be an option available with the Member to file the return of income and claim an appropriate refund, if eligible. No claim shall lie against the Company for such taxes deducted.

In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided/to be provided by the Member(s), such Member(s) will be responsible to indemnify the Company and, also, provide the Company with all information/documents and co-operation in any appellate proceedings.

All the above referred tax rates will be enhanced by surcharge and cess, wherever applicable.

The Company will send out the email with a soft copy of the TDS certificate at the Members' registered Email ID in due course, post payment of the Dividend. Members will also be able to see the credit of TDS in Form 26AS, which can be downloaded from their e-filing account at <https://incometaxindiaefiling.gov.in>

Above communication on TDS sets out the provisions of law in a summary manner only and does not purport to be a complete analysis or listing of all potential tax consequences. This communication shall not be treated as an advice from the Company or its affiliates or its Registrar & Transfer Agent. Members should obtain the tax advice related to their tax matters from a tax professional.

All communications/queries in this respect should be addressed and sent to Share Transfer Agent at
Ms. Shobha Anand

Deputy General Manager

KFin Technologies Private Limited,

Tower B, Plot 31-32, Financial District Nanakramguda Serilingampally, Mandal, Hyderabad - 500032.

Contact details:

Email ID: einward.ris@kfintech.com;

Toll Free number: 1800 3454 001

26. Other Instructions:

- i. The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date i.e. Wednesday 19, 2021.
- ii. The Board of Directors has appointed Mr. S Kannan, (Membership No. FCS 6261/CP No. PCS 13016), Practicing Company Secretary and in his absence Mr. B L Vinay, Practicing Company Secretary, Bengaluru, (Membership No. A26638 and CP No. PCS 10760), Bengaluru as the Scrutinizer to scrutinize the voting process in a fair and transparent manner.
- iii. The scrutinizer shall immediately after the conclusion of voting at the general meeting, count the votes cast at the meeting and votes cast through remote e-voting in the presence of at least two witnesses who are not in the employment of the Company and within a period not exceeding 48 hours from the conclusion of the meeting, submit a consolidated Scrutinizer's Report of the total votes cast in favor or against, if any, to the Chairman or person authorized by the Chairman in writing for counter signature.
- iv. The Results shall be declared either by the Chairman or the person authorized by the Chairman in writing and the resolutions will be deemed to have been passed on the AGM date subject to receipt of the requisite number of votes in favor thereof.
- v. Promptly after declaration of results, the same shall be placed along with the Scrutinizer's Report on the Company's website at <https://www.hitachiabb-powergrids.com/in/en> and on the NSDL's website at <https://www.evoting.nsdl.com> and communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed for placing the same in their website.
- vi. A person who is not a member as on the cut-off date, should treat this Notice for information purpose only.

Information at a glance

Particulars	Information
Time and date of AGM	Thursday, May 27, 2021 at 11:00 am
Mode	Video conference and other audio-visual means
Participation through video conferencing	Refer instructions above
Helpline number for VC participation	1800 1020 990 / 1800 224 430
Webcast	https://www.evoting.nsdl.com
Cut-off date for e-voting	Wednesday, May 19, 2021
E-voting start time and date	Saturday, May 22, 2021 at 9:00 am (IST)
E-voting end time and date	Wednesday, May 26, 2021 at 5:00 pm (IST)
E-voting facility during the AGM	Members who have not exercised voting through remote e-voting can exercise voting during and immediately after the conclusion of AGM
E-voting website of NSDL	https://www.evoting.nsdl.com
Name, address and contact details of Registrar and Transfer Agent	Shobha Anand Deputy General Manager KFin Technologies Private Limited, (Unit: ABB Power Products and Systems India Limited) Tower B, Plot 31-32, Financial District, Nanakramguda Serilingampally, Mandal, Hyderabad - 500032. Contact details: e-mail ID: einward.ris@kfintech.com Contact number: toll free no. 1800 345 4001
Name and contact details of e-voting and VC/OAVM service provider	National Securities Depository Limited (NSDL) Toll free number: 1800 1020 990 / 1800 224 430 e-mail ID: evoting@nsdl.co.in

By Order of the Board of Directors
For **ABB Power Products and Systems India Limited**

Poovanna Ammatanda
General Counsel & Company Secretary
FCS-4741

Bengaluru
February 26, 2021

Registered Office:
8th Floor, Brigade Opus, 70/401, Kodigehalli Main Road, Bengaluru - 560 092.
CIN: L31904KA2019PLC121597

Phone: 080 2204 1800

Explanatory statement

Annexed to the Notice convening the 2nd Annual General Meeting of the Company to be held on Thursday, May 27, 2021

Item no(s): 3 and 4

Pursuant to the recommendations of the Nomination and Remuneration Committee, the Board of Directors at their meeting held on February 25, 2021 appointed:

- a) Mr. Achim Michael Braun as Additional Director (Non-Executive and Non-Independent Director) of the Company w.e.f February 25, 2021 and also designated as Chairman of the Board of Directors and the Company.
- b) Mr. Ismo Antero Haka as Additional Director Non-Executive and Non-Independent Director) of the Company w.e.f February 25, 2021.

Consequent to transfer of 31,786,256 Equity shares from ABB Asea Brown Boveri Ltd (Promoter) to ABB Ltd (Promoter) and from ABB Ltd to Hitachi ABB Power Grids Ltd (Promoter) on February 05, 2021, Mr. Achim Michael Braun and Mr. Ismo Antero Haka represent Hitachi ABB Power Grids Ltd, Promoter of the Company. In accordance with Section 161 of the Act, read with Article 94 of the Company's Articles of Association, the aforesaid Directors hold office up to the date of this Annual General Meeting and in respect of their appointment the respective Resolutions at Item No. 3 to 4 of the Notice have been proposed. In terms of Section 160 of the said Act, a notice in writing has been received from Members of the Company signifying their intention to propose the aforesaid Directors as candidates for the office of Director, of the Company.

Additional information including brief profile in respect of Mr. Achim Michael Braun and Mr. Ismo Antero Haka pursuant to the Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings (SS-2) issued by Institute of Company Secretaries of India (ICSI) is provided as part to this notice. In the opinion of the Board of Directors, Mr. Achim Michael Braun and Mr. Ismo Antero Haka, proposed to be appointed, fulfils the conditions specified in the Companies Act, 2013 and Regulations 17 A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Both of them are liable to retire by rotation.

The Board of Directors recommend the Resolution for approval of Members as Ordinary Resolution as set out at item No. 3 & 4 of the accompanying Notice.

Mr. Achim Michael Braun and Mr. Ismo Antero Haka are interested in the Ordinary Resolutions relating to their respective appointment. None of the other Directors and Key Managerial Personnel of the Company, or their relatives, is interested in the Ordinary Resolutions as set out in item No(s) 3 and 4 to the notice. The Board recommends the

Ordinary Resolutions as set out in item No(s) 3 and 4 to the notice for your approval.

Item no 5:

The Board of Directors of the Company, on the recommendation of the Audit Committee, has approved the appointment of M/s. Ashwin Solanki & Associates, Cost Accountant (Registration No: 100392) as Cost Auditor to conduct the audit of the cost records of the Company for the for the Financial period ending March 31, 2022, (15 months from January 01, 2021 to March 31, 2022). In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 the remuneration payable to the Cost Auditor requires to be approved by the Members of the Company for the financial period ending March 31, 2022, (15 months from January 01, 2021 to March 31, 2022).

Accordingly, approval of the Members is sought as referred to in the Resolution at Item 5 of the Notice for the payment of the remuneration amounting to ₹ 1,850,000/- (Rupees Eighteen Lakhs and Fifty Thousand only) for Cost Audit plus applicable taxes and out of pocket expenses payable to the Cost Auditor for the financial period ending March 31, 2022, (15 months from January 01, 2021 to March 31, 2022).

The Board of Directors recommend the Resolution for approval of Members as Ordinary Resolution as set out at item No. 5 of the accompanying Notice.

None of the Directors and/or Key Managerial Personnel of the Company and / or their respective relatives is concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item No. 5 of the Notice.

Item no 6:

The Members, vide their resolution dated November 26, 2019 had accorded approval for borrowing upto ₹ 5,000 Crore (Rupees Five Thousand Crore only) from its Bankers/Financial Institutions or from any one for operations of the Company.

Given the likely increase in business opportunities, it is proposed to increase this limit from ₹ 5,000 crores to ₹ 6,000 crores (which will comprise ₹ 1,000 crore towards fund based and ₹ 5,000 crores towards non fund based borrowing). This additional borrowing of ₹ 1,000 crores is required for meeting the business requirements in future. Section 180 of the Companies Act, 2013 provides that consent of the members of the Company is required to be secured for borrowing in excess of its paid-up Share Capital, free reserves and securities premium (apart from temporary loans obtained from the Company's bankers in the ordinary course of business). Since the proposed borrowing exceeds the paid-up Share Capital, free reserves and securities premium of the Company, approval of the members of the Company is sought by way of a special resolution.

The Board commends the Special Resolution set out at Item No. 6 of the Notice for approval by the Members.

By Order of the Board of Directors
For **ABB Power Products and Systems India Limited**

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution, set out at Item No. 6 of the Notice.

Poovanna Ammatanda
General Counsel & Company Secretary
FCS-4741

Bengaluru
February 26, 2021

Annexure 1 to AGM Notice

DETAILS OF THE DIRECTOR SEEKING APPOINTMENT AT THE 2ND ANNUAL GENERAL MEETING [PURSUANT TO REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015 AND SECRETARIAL STANDARD ON GENERAL MEETINGS (SS-2) ISSUED BY INSTITUTE OF COMPANY SECRETARIES OF INDIA (ICSI)]

Name of the Director	MR. ACHIM MICHAEL BRAUN	MR. ISMO ANTERO HAKA
DIN	08596097	08598862
Date of Birth & Age	February 20, 1969 52 yrs.	May 16, 1963 57 yrs.
Nationality	Deutsch	Finnish
Date of Appointment on the Board	February 25, 2021	February 25, 2021
Qualifications	Master degree in Business Administration from the University of Regensburg, Germany.	M.Sc. in Economics from the Hanken School of Economics, Finland.
Expertise in specific functional area	Power grid business and refer information mentioned above and brief profile section	Power grid business and refer information mentioned above and brief profile section
Shareholding in the Company	NIL	NIL
List of the directorships held in other companies*	NIL	NIL
Number of Board Meetings attended during the financial year 2020	NA since appointed wef February 25, 2021	NA since appointed wef February 25, 2021
Chairman/ Member in the Committees of the Boards of other companies in which he is Director*	NIL	NIL
Relationships with other Directors, Manager and other Key Managerial Personnel of the Company	He is not related to any other Director and / or Key Managerial Personnel of the Company	He is not related to any other Director and / or Key Managerial Personnel of the Company
Remuneration details (Including Sitting Fees & Commission)	Not drawing any remuneration or commission or sitting fees in the capacity of Director from ABB Power Products and Systems India Limited.	Not drawing any remuneration or commission or sitting fees in the capacity of Director from ABB Power Products and Systems India Limited.
Details of remuneration sought to be paid	NIL	NIL
Occupation	Service	Service
Brief Profile	Mr. Achim Michael Braun is the Chairman and Non- Executive Director of the Company. Achim Braun is the Head of Human Resources at Hitachi ABB Power Grids. He joined Hitachi ABB Power Grids' predecessor in 2018, serving as Senior Vice President for Human Resources. Prior to this, Achim worked in different leadership roles at Continental, Schaeffler and as Vice President for Human Resources Europe & Africa at the Lear Corporation.	Mr. Ismo Antero Haka is the Non -Executive and Non-Independent Director of the Company. Ismo Haka is the CFO of Hitachi ABB Power Grids. Before this, he held numerous senior financial positions in ABB: CFO of ABB Power Grids (2016-2020); CFO Power Products Division (2012-2016) which was then merged into the Power Grids Division; North America Regional and USA Country CFO (2008-2012) and Process Automation Division CFO (2004 to 2008).
Key terms and conditions of appointment	He is a Non-executive Non-independent Director of the Company. He is required to comply with the applicable provisions of the Companies Act, and SEBI Regulations and other applicable laws.	He is a Non-executive Non-independent Director of the Company. He is required to comply with the applicable provisions of the Companies Act, and SEBI Regulations and other applicable laws.

* Committee membership includes only Audit Committee and Stakeholders' Relationship Committee of Public Limited Company (whether Listed or not) excluding that of ABB Power Products and Systems India Limited. Directorship in listed entities are only considered. Directorships in foreign companies, membership in governing councils, chambers and other bodies, etc has not been provided.

By Order of the Board of Directors
For **ABB Power Products and Systems India Limited**

Poovanna Ammatanda
General Counsel & Company Secretary
FCS-4741

Bengaluru
February 26, 2021

Dear Shareholders,

The Ministry of Corporate Affairs has taken a “Green Initiative in Corporate Governance” by allowing paperless compliances by Companies through electronic mode. In accordance with the circular no. 17/2011 dated 21.04.2011 and circular no. 18/2011 dated 29.04.2011 issued by the Ministry, Companies can now send various notices and documents, including Annual Report, to its shareholders through electronic mode to the registered e-mail addresses of shareholders.

It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow shareholders to contribute towards a Greener Environment. Further it will ensure instant and definite receipt of the reports by you.

As we propose to send future Communications, in electronic mode, we request you to please fill up the form given herewith for registering your e-mail ID and send the same to the following address:

KFin Technologies Private Limited
(Unit: ABB Power Products and Systems India Limited)
Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad – 500 032.
Email id: einward.ris@kfintech.com

If the shares are held in electronic mode, please get your e-mail registered with your DP immediately.

Please note that as a member of the Company you will be entitled to receive all such communication in Physical Form, upon request.

Thanking you,

Yours faithfully,

For **ABB Power Products and Systems India Limited**

Poovanna Ammatanda
General Counsel & Company Secretary
FCS-4741

Bengaluru
February 26, 2021

E-Communication Registration Form

Folio No./DP Id and Client ID: _____

Name of 1st Registered Holder: _____

Name of Joint Holder(s): _____

Registered Address: _____

E-mail address (to be Registered): _____

I/we Shareholder(s) of ABB Power Products and Systems India Limited agree to receive communication from the Company in electronic mode. Please register my above e-mail ID for your records for sending communication through e-mail.

Date: _____ Signature: _____
(1st holder only)

Note:

Shareholder(s) are requested to keep the Company informed as and when there is any change in the e-mail address.

Boards' Report

Your Directors have pleasure in presenting their second annual report and audited accounts for the financial year ended December 31, 2020.

1. Financial results:

(Amount in ₹ Crores)		
Particulars	01.01.2020 to 31.12.2020	19.2.2019 to 31.12.2019
Profit before tax and exceptional items	171.78	261.44
Profit before tax and after exceptional items	136.28	220.65
Tax expense:		
- Current tax	60.12	62.20
- Deferred tax	(23.64)	(6.94)
Profit after tax (1)	99.80	165.39
Other comprehensive income/ (loss) (net of tax) (2)	(6.04)	0.50
Total (1+2)	93.76	165.89
Balance of retained earnings transferred pursuant to the scheme of arrangement	-	149.93
Balance brought forward from previous year	315.82	-
Transition adjustment due to adoption of Ind AS 116 "Leases"	(1.06)	-
Amount available for appropriation	408.52	315.82
Appropriations:		
Equity dividend paid	-	-
Tax on equity dividend paid	-	-
Debenture redemption reserve	-	-
General reserve	-	-
Balance carried forward	408.52	315.82

2. Dividend:

Your Directors recommend payment of a maiden dividend at the rate of ₹ 2/- (Rupees two only) per equity share (100 percent) for the year ended December 31, 2020 on 42,381,675 equity shares of ₹ 2/- each fully paid.

3. Performance review:

During the financial year ended December 2020, orders touched ₹ 3,217.7 crore as against ₹ 2,641.9 crore as on December 31, 2019. The orders witnessed a healthy growth reflecting the technology push and continued traction in transformers and system integration. The order backlog at the end of the year stood at ₹ 4,954.8 crore (December 31, 2019 was ₹ 5,100.7 crore) which continued to provide visibility to the future revenue streams. The revenue from operations for your Company for the financial year ended December 31, 2020 stood at ₹ 3,438.9 crore (December 31, 2019 was ₹ 3,236.5 crore), reflecting stability of operations in an uncertain market situation. Profit before tax was ₹ 136.3 crore (December 31, 2019 was ₹ 220.7 crore) mainly impacted due to unprecedented COVID-19. Accordingly, net profit after tax was ₹ 99.8 crore (December 31, 2019 was

₹ 165.4 crore). The earnings per share for the financial year ended December 31, 2020 stood at ₹ 23.55 (December 31, 2019 was ₹ 44.69).

For detailed analysis of the performance, including industry overview, changes, and outlook, please refer to the Management's Discussion and Analysis Report provided in Annexure – A, forming part of this Report.

There has been no change in the nature of business during the financial year under review.

4. COVID-19:

Impact and action plan

COVID-19 came as an unprecedented global crisis. It disrupted life, changing the way one lives, works and interact with each other. In India, the first case was reported on January 30, 2020 while the disease had already claimed many lives in neighboring China and was rapidly spreading across the globe. To curtail the spread of the infection within its border, India had imposed a strict nationwide lockdown and promulgated health and safety regulations, shutting factories, banning all kinds of travel, mandating social distancing and quarantines.

In this period of uncertainty, your Company's prime focus was to collaborate and manage the crisis for its employees, customers, partners and the community, and build its spirit and strength. Your Company adopted a three-pronged approach:

- Protecting our people,
- Preserving business continuity, and
- Preparing for the new norm

Protecting our people

Your Company's priority was to keep its employees, customers and partners safe.

In accordance with the Ministry of Home Affairs ("MHA") national lockdown requirements from March 25, 2019, operations across plants, project sites and offices were closed. Besides energizing the network of your Company location specific crisis teams, an exclusive helpline for employees was started to support its employees' and their families' emotional welfare. Medical assistance was arranged at employees' fingertips through a third party primary and preventive care service provider even as they worked from home.

Voluntary COVID-19 testing, medical reviews and checks were organized at various locations. As operations were permitted to resume by the various governing authorities, your Company capped the number of employees working at a particular time at all plants and offices; made arrangements for sanitized transportation to factories and demarcated work and common areas to ensure strict adherence to social distancing. At project sites, processes were put in place to ensure secure and safe lodging facilities for migrant workforce.

Employees were provided protective gear like masks, face shields, gloves and sanitizers; mandated to take all safety precautions and maintain absolute transparency in health declarations. All employees were encouraged to download the Aarogya Setu app launched by the Government of India. This is followed until date.

In addition to all this, most employees voluntarily donated one-day salary to the PM CARES Fund. This donation was matched by your Company, totaling ₹ 1.24 crore, as a mark of solidarity in this time of crisis.

Preserve business continuity

Your Company maintained business continuity by amplifying customer engagement through technology and leveraging digital solutions for product service and training, and even commissioning of certain projects. Your Company implemented cost control measures to conserve cash and recovered lost production days by strategically planning shifts and rotations to enable maximum capacity utilization of shop floors while ensuring social distancing, implementing a six-day workweek to compensate for productivity loss; and

focusing on collections and liquidity. Your Company was able to preserve cash by proactively identifying and postponing non-essential spends and optimizing external resources and personnel expenses.

All through, your Company's ambition was to prepare for the new norm in the best possible manner and build back better.

Prepare for the new norm

Backed by your Company's resilience and zest for innovation, your Company quickly adapted to the new norm. Besides switching to Remote Factory Acceptance Tests (RFAT) where possible, your Company conducted numerous virtual technical webinars, attended by over thousands of participants from utilities, industries, transport and infrastructure segment across countries, and launched its flagship customer event Energy and Digital World. Your Company continued engagement with industry leaders through virtual industry events, and specific one-on-one CEO connects that helped it keep a finger on the pulse across various verticals.

Your Company also remained a trusted partner for training top talent and had such requests from various customers. Your Company conducted workshops for hundreds of customers from about two dozen utilities, devoted efforts toward developing future talent for its high-growth segments and ran more than 60 separate training programs for over thousand people, totaling ~3,500 man-days in training.

While the blow of the pandemic couldn't be completely blunted, your Company was able to see some semblance of normalcy by the third quarter. The closure of factories and sites - your Company and its customers' - for half the second quarter reflected in your Company's business performance in the April-June period. Further details on this have been shared in subsequent sections.

By December 2020, the count of fresh COVID-19 cases had come down and dry run of vaccination had started in some states. With the economy gradually opening up, the Reserve Bank of India revised its forecast of economic growth for the current fiscal year (2020-21) to (-) 7.5 percent compared to its earlier forecast of (-) 9.5 percent. While your Company has made every effort to swiftly adapt to the new norm, the closures will likely have an impact on its performance which can only be gauged in the quarter ending June 30, 2020.

5. Scheme of Arrangement:

A Scheme of Arrangement ("Scheme") was entered into between (i) ABB India Limited ("INABB"/"Transferor") and (ii) your Company ("Company"/"Transferee") and their respective shareholders and creditors, pursuant to the provisions of Section 230 to 232 and other applicable provisions of the Companies Act, 2013, ("Act") which provided for inter alia the Demerger of the Power Grids

Business of INABB (“Demerged Undertaking”) and the consequent issuance of equity shares by your Company to the shareholders of INABB as per the share entitlement ratio.

The Scheme was approved by your Board of Directors pursuant to its resolution dated March 5, 2019 and the Board of Directors of INABB pursuant to its resolution dated March 5, 2019. Pursuant to an order dated June 27, 2019, passed by the National Company Law Tribunal, Bengaluru Bench, (“NCLT”), meetings of the equity shareholders and the creditors of INABB were convened. The equity shareholders and the creditors of INABB approved the Scheme at court convened meetings, each held on August 9, 2019. The NCLT approved the Scheme on November 27, 2019. The Appointed Date of the Scheme was April 1, 2019 and the Effective Date was December 1, 2019.

The Scheme provided for the transfer by way of a demerger of the Demerged Undertaking and the consequent issue of equity shares by your Company to the shareholders of INABB in accordance with the share entitlement ratio, and various other matters consequential or integrally connected therewith, including the re-organisation of the share capital of the Transferee, pursuant to Sections 230 to 232 of the Act, the SEBI circulars and in compliance with the Income Tax Act, 1961

6. Board of Directors’ response to observations, qualifications and adverse remarks in Auditor’s Report

The Statutory Auditors (“Auditors”) have qualified their opinion in relation to the matters specified in Notes 38 of the Financial Statements for the year ended December 31, 2020 (“Statements”).

a. Qualified Opinion:

We have audited the accompanying Ind AS financial statements of ABB Power Products and Systems India Limited (“the Company”), which comprise the Balance sheet as at December 31 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the ‘Basis for Qualified Opinion’ section of our report, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended (“the Act”) in the manner so required and give a true and fair

view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

b. Basis for Qualified Opinion:

We draw attention to Note 38 (a) to the accompanying Ind AS financial statements regarding the Scheme of Arrangement (“Scheme”) for demerger of the power grid business of ABB India Limited with the Company with an appointed date of April 01, 2019 and approved by the National Company Law Tribunal (“NCLT”) vide its order dated November 27, 2019. As per the applicable accounting standard Ind AS 103, since this demerger was a common control business combination, the financial information necessitated restatement by the transferee at carrying amounts not from the appointed date but from the beginning of the preceding period in the financial statements which happens to be the date of incorporation i.e. February 19, 2019. Accordingly, the Company was required as per Ind AS 103 to give effect to the business combination from February 19, 2019 (date of its incorporation). However, the Company had recognized the impact of the business combination only from April 01, 2019 (i.e. the appointed date specified in the scheme) and has not restated and disclosed financial results for the period from February 19, 2019 to March 31, 2019, in the comparative period ended December 31, 2019. However, there is no impact of the same on the Company’s Ind AS financial statements of the year ended December 31, 2020. Our opinion on the current year’s statement is qualified because of the possible effect of this matter on the comparability of the current period’s figures and the corresponding figures.

This matter was also qualified in the comparative period by the preceding auditor.

c. Board’s response to qualification in Auditor’s Report:

The Statutory Auditors (“Auditors”) have qualified their opinion in relation to the matters specified in Notes 38 of the Financial Statements for the financial year ended December 31, 2020 (“Statements”). The Board’s response to the qualifications are as follows.

As per the applicable accounting standard Ind AS 103 (‘standard’), since this demerger is a common control business combination, the financial information necessitates restatement by the Company at carrying amounts not from the appointed date but from the beginning of the

preceding period in the financial statements which happens to be the date of incorporation i.e. February 19, 2019. Consequentially, the Company is required to give effect to the business combination from February 19, 2019 (date of its incorporation). However, the Company has recognised the impact of the business combination only from April 1, 2019 (i.e. the appointed date specified in the scheme of arrangement). The Company is of the view that due to incoherence between the appointed date i.e., April 1, 2019 and date of incorporation i.e. February 19, 2019 and requirements of Ind AS 103 such a one-off situation has arisen. Further, in addition to what has been stated in Note 38 (a) of the Statements, we wish to state that in anticipation of reorganisation of ABB India Limited's business by way of said Scheme, the Company was incorporated. Such date of incorporation is not in control of the Company. The Registrar of Companies issued the certificate of incorporation on February 19, 2019. The management confirms that, during the period between February 19, 2019 and March 31, 2019, no active business was undertaken other than the initial paid up share capital. In light of the above, there is no impact on the financial statements of the Company as at December 31, 2020 as affirmed by the Auditors. Thus, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the period do not contain the impact of the transactions of the demerged undertaking from February 19, 2019 to March 31, 2019.

7. Change in the financial year:

Your Company was incorporated on February 19, 2019 with first financial year commencing on February 19, 2019 and ending on March 31, 2020. Your Company subsequently made an application to the Regional Director, South East Region, Ministry of Corporate Affairs, Hyderabad on November 5, 2019 to change your Company's first financial year from February 19, 2019 to December 31, 2019. Pursuant to an order bearing no. F.No:10/19/Karnataka/RD (SER)/2(41) of 2013/2019/6328 dated December 12, 2019, passed by the Regional Director, South East Region, Ministry of Corporate Affairs, Hyderabad your Company's financial year commenced on January 1 and ended on December 31 of a given year.

Subsequent to the transfer of shares held by promoters from ABB Asea Brown Boveri Ltd., to ABB Ltd and then to Hitachi ABB Power Grids Ltd., given that the financial year of Hitachi ABB Power Grids Ltd., is April – March, the Board of Directors at their meeting held on February 26, 2021 has approved the change in financial year of your Company to April-March and that the current financial year will be from January 01, 2021 to March 31, 2022 (15 months) and thereafter, all financial years shall commence on April 01 and end on March 31 every year.

8. Material changes and commitments, if any, affecting the financial position of the Company, having occurred since the end of the year and till the date of this report and disclosures:

Other than those mentioned in this Report, there have been no material changes and commitments, which affect the financial position of your Company which have occurred between the end of the financial year to which the financial statements relate and the date of this Report.

9. Annual Return:

As per provisions of Section 92 (3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, the copy of the Annual Return in the Form MGT-7 is hosted on website of your Company at:

<https://www.hitachiabb-powergrids.com/in/en/investor-relations/financial-results--reports-and-presentations>

10. Board Meetings held during the period:

During the financial year under review, five (5) meetings of the Board of Directors were held. The details of board meeting dates are furnished in Corporate governance report forming part of this Annual report.

11. Independent Directors and compliance on criteria of independence by the Independent Directors:

The following Independent Directors were appointed during FY 2019 and the Board is of the view that they have adequate expertise, experience and proficiency.

Mr. Mukesh Butani holds a bachelor's degree in commerce from Mumbai University. He is a certified chartered accountant from the Indian Institute of Chartered Accountants. He founded BMR Legal Advocates, a tax law firm in India. He has expertise in taxation laws.

Ms. Akila Krishnakumar is an alumnus of Birla Institute of Technology and Sciences. She was previously the president – global technology and country head of Sun Gard, which was acquired by Fidelity National Information Services, Inc. She has expertise in diverse business profiles.

Ms. Nishi Vasudeva holds a bachelor's degree in economics from Delhi University and is an alumnus of Indian Institute of Management, Kolkata. She was the Chairperson and Managing Director of Hindustan Petroleum Corporation Limited till March 2016. She has expertise in diverse business profiles.

All Independent Directors of your Company have given declarations to your Company under Section 149 (7) of

the Act that they meet the criteria of independence as provided in Sub-Section 6 of Section 149 of the Act and also under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). All Independent Directors of your Company have also given declarations to your Company under Rule 6 of Companies (Appointment and Qualification of Directors) Rules 2014. In the opinion of the Board, they fulfil the conditions of independence as specified in the Act and the Listing Regulations and are independent of management. The Independent Directors have affirmed compliance with the Code of Conduct, as on December 31, 2020. The Independent Directors also affirmed compliance under Sec 150 with regard to Independent Directors databank, enrollment and examination in FY 2021. During the financial year a separate meeting of the Independent Directors was held on December 14, 2020.

12. Management Discussion and Analysis Report (MDAR):

The Management Discussion and Analysis Report (MDAR) is annexed as Annexure A to this report.

13. Nomination and Remuneration Policy of the Company:

The Board of Directors have re-constituted the Nomination and Remuneration Committee ("NRC") at their meeting held on February 26, 2021. The Remuneration Policy of your Company for appointment and remuneration of the Directors, Key Managerial Personnel and Senior Management of the Company along with other related matters have been provided in the Corporate Governance Report. The nomination and remuneration policy is available on the website of the Company: <https://www.hitachiabb-powergrids.com/in/en/investor-relations/board-of-directors>.

As and when need arises to appoint Director, the Nomination and Remuneration Committee (NRC) of the Company will determine the criteria based on the specific requirements. NRC, while recommending candidature to the Board, takes into consideration the qualification, attributes, experience and independence of the candidate. Director(s) appointment and remuneration will be as per NRC Policy of the Company.

A Statement of Disclosure of Remuneration pursuant to Section 197 of the Act read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in Annexure – B, forming part of this report.

14. Dividend distribution policy:

As required under Regulation 43A of the Listing Regulations, your Company has a policy on dividend distribution. This policy can be accessed on your Company's website at <https://www.hitachiabb-powergrids.com/in/en/investor-relations/corporate-governance-policies>

15. Particulars of loans, guarantees or investments under Section 186 of the Act:

During the financial year under review, your Company has not granted any Loan, Guarantees or made investments within the meaning of Section 186 of the Act.

16. Amount, if any, proposed to be transferred to Reserves:

For the financial year under review, your Company has proposed not to transfer any amount to the General Reserves.

17. Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The particulars as prescribed under Section 134 of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo are given in Annexure – C, forming part of this report.

18. Risk Management:

Your Company has constituted a Risk Management committee on December 24, 2019 and adopted a Risk Management Policy as required under Companies Act 2013 and Listing Regulations. The Risk Management committee was re-constituted by the Board of Directors at their meeting held on February 26, 2021. The Committee oversees the Risk Management process including risk identification, impact assessment, effective implementation of the mitigation plans and risk reporting. The purpose of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities with regard to enterprise risk management. The details and the process of Risk Management are provided as part of Management's Discussion and Analysis which forms part of this Report.

19. Corporate Social Responsibility initiatives:

The Board of Directors had constituted a Corporate Social Responsibility (CSR) Committee as required under the Act for implementing various CSR activities and adopted revised CSR Policy at its meeting held on April 30, 2020 and then in the meeting held on November 10, 2020. Composition of the Committee and other details are provided in Corporate Governance Report which forms part of this Report. Promote gender equality and empowering of women in engineering workforce, endorse education, employability & healthcare, social impact projects, support national disaster management and other government initiatives and aid in sustainable development goals are the focal area under the CSR Policy. Your Company has implemented various CSR projects directly and / or through implementing partners and the projects undertaken by your Company are in accordance with Schedule VII of the Act. During the financial year under review, your Company had partially spent the required

amount on CSR activities and could not spend the statutorily required amount due to COVID-19 pandemic and balance unspent amount will be spent in current year FY 21. However, the unspent amount has been transferred to a dedicated bank account. Detailed report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is provided in Annexure – D, forming part of this Report. The CSR Committee was reconstituted by the Board of Directors at their meeting held on February 26, 2021.

20. Annual evaluation of Board, its Committees and Individual Directors:

The Board of Directors has carried out an annual evaluation of its performance, its Committees and Directors for FY 2020 in FY 2021 pursuant to the requirements of the Act and the Listing Regulations.

Further, the Independent Directors, at their exclusive meeting held in FY 2021, reviewed the performance of the Board, its Chairman and Non-Executive Directors and other items as stipulated under the Listing Regulations.

21. Audit Committee:

The details pertaining to composition of the Audit Committee and terms of reference are included in the Corporate Governance Report, which forms part of this Report. The Board has accepted all recommendation of Audit Committee, made during the financial year under review.

22. Related Party Transactions:

The Board of Directors have adopted a policy on Related Party Transactions at its meeting held on December 24, 2019. The objective is to ensure proper approval, disclosure and reporting of transactions as applicable, between your Company and any of its related parties.

Transactions with related parties, as per requirements of Indian Accounting Standard have been disclosed in the accompanying financial statements. Your Company's Policy on Related Party Transactions, as adopted by your Board, can be accessed on your Company's website. Link for the same is: <https://www.hitachiabb-powergrids.com/in/en/investor-relations/corporate-governance-policies>

ABB Asea Brown Boveri Ltd was holding 10 percent or more shares in your Company as on December 31, 2020. The details of transactions with promoter/promoter group holding 10 percent or more shares have been disclosed in the accompanying financial statements.

Related Party Transaction under the provisions of Section 188 of the Act, requiring disclosures to be made in Form No. AOC-2 pursuant to Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 is attached as Annexure – E to this Report.

All contracts or arrangements were entered into only with prior approval of the Audit Committee, except transactions which qualified as omnibus transactions as permitted under law.

23. Reporting of frauds:

There was no instance of fraud during the financial year under review, which required the Statutory Auditors to report to the Audit Committee and/or Board under Section 143(12) of the Act and Rules framed thereunder.

24. Transfer to Investor Education and Protection Fund:

As your Company was incorporated on February 19, 2019, and that no dividend was recommended/declared during the financial year ended December 31, 2019 and as on financial year ended December 31, 2020 there is no unclaimed dividend during the financial year under review, no dividend amount was transferred as required under Section 124 of the Act, to the Investor Education and Protection Fund ("IEPF") established by the Central Government.

Pursuant to the Scheme of Arrangement (entered into between your Company, ABB India Limited and their respective Shareholders and Creditors) approved by NCLT vide its order dated November 27, 2019, your Company on December 24, 2019, allotted equity shares to the shareholders of ABB India Limited. Out of 42,381,675 Equity shares allotted, 107,421 Equity Shares were directly allotted to the IEPF account as a consequence of issue of Equity Shares by your Company to the shareholders of ABB India Limited in accordance with the Share Entitlement Ratio.

As explained above, as no dividend was declared since incorporation of your Company nor your Company was required to transfer any dividend amount to IEPF, other details like amount of unclaimed/unpaid dividend and the corresponding shares were not applicable for the financial year under review. Also, redemption amount of preference shares, amount of matured deposits, for companies other than banking companies, along with interest accrued thereon, amount of matured debentures along with interest accrued thereon, application money received for allotment of any securities and due for refund along with interest accrued, sale proceeds of fractional shares arising out of issuance of bonus shares, merger and amalgamation resultant benefits on shares transferred to the IEPF, year wise amount of unpaid/unclaimed dividend lying in the unpaid account upto the year and the corresponding shares, which are liable to be transferred to the IEPF, and the due dates for such transfer, the amount of donation, if any, given by the Company to the IEPF, such other amounts transferred to the IEPF, if any, during the financial year under review are not applicable.

9,266 Equity Shares arising out of fractional shares were sold on July 27, 2020 and out of that 73.20 equity shares

were pertaining to IEPF and net amount ₹ 49,932.30/- (after deduction of taxes) was deposited into IEPF account on August 3, 2020.

- Web-addresses of the Company where details of shares transferred to IEPF authority is captured: <https://www.hitachiabb-powergrids.com/in/en/investor-relations/iepf>
- Details of Nodal Officer: Mr. Poovanna Ammatanda, General Counsel and Company Secretary.

25. Particulars of employees including remuneration of directors and employees:

The information on employee particulars, as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time, are given in Annexure – F, forming part of this report. In terms of Section 136 of the Act, the Report and Financial Statements are being sent to the Members and others entitled thereto, excluding this Annexure. This Annexure shall be provided to Members on a specific request made in writing to the Company. The said information is available for electronic inspection by the Members of the Company on any working day upto the date of the 2nd Annual General Meeting.

26. Directors' Responsibility Statement:

To the best of knowledge and belief and according to the information and explanations obtained by us, your Directors make the following statements in terms of Section 134(3)(c) and 134(5) of the Act, that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at December 31, 2020, and of the profit and loss of the Company for the year ended on that date;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis;
- they have laid down internal financial controls to be followed by the Company and that such internal

financial controls are adequate and were operating effectively; and

- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

27. Disclosure on confirmation with the Secretarial Standards:

Your Directors confirm that the Secretarial Standards issued by the Institute of Company Secretaries of India have been duly complied with.

28. Corporate Governance Report and Certificate:

As required under Regulation 34(3) read with Schedule V (C) of the Listing Regulations, a report on Corporate Governance and the certificate as required under Schedule V (E) of the Listing Regulations from M/s. V. Sreedharan & Associates, Practicing Company Secretaries, regarding compliance of conditions of Corporate Governance are provided in Annexure – G and Annexure – H respectively, forming part of this report.

29. Secretarial Audit:

Pursuant to provisions of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and amendments thereto, your Company engaged the services of M/s. BMP & Co. LLP, Company Secretaries, Bengaluru, to conduct the Secretarial Audit of your Company for the financial year ended December 31, 2020. The Secretarial Audit Report in Form MR-3 and Secretarial Compliance certificate is provided in Annexure – I, forming part of this report.

30. Business Responsibility Report:

As required under Regulation 34 of the Listing Regulations, the Business Responsibility Report forms part of the Annual Report.

31. Whistle Blower Policy/Vigil Mechanism:

Your Company has adopted a vigil mechanism/whistle blower policy for Directors, Employees and third parties to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of conduct, leak of unpublished price sensitive information and related matters. The mechanism provides for adequate safeguards against victimization of whistle blowers who avail of the mechanism. The whistle blowers may also access their higher level/supervisors and/or the Audit Committee.

The Whistle Blower Policy/Vigil Mechanism is available on your Company's website: <https://www.hitachiabb->

powergrids.com/in/en/investor-relations/corporate-governance-policies

32. Directors and Key Managerial Personnel:

During the financial year under review, there were no changes in the constitution of the Board. The Board is duly constituted with a mix of Executive, Non-Executive and Independent Directors. The appointment of Mr. Frank Duggan, Chairman and Non-Executive Director, Mr. Venu Nuguri, Managing Director, Mr. Mukesh Hari Butani, Independent Director, Ms. Akila Krishnakumar, Independent Director, Ms. Nishi Vasudeva, Independent Director were regularized and appointed by the members during the financial year under review.

However, subsequent to the transfer of shares held by promoters from ABB Asea Brown Boveri Ltd., to ABB Ltd and then to Hitachi ABB Power Grids Ltd., the Board of Directors at their meeting held on February 25, 2021 have appointed Mr. Achim Michael Braun (DIN:08596097) as Additional Director (Non-Executive and Non-Independent) and subsequently as Chairman of the Board and of your Company and Mr. Ismo Antero Haka (DIN:08598862) as Additional Director (Non-Executive and Non-Independent Director) of your Company representing Hitachi ABB Power Grids Ltd and Mr. Venu Nuguri, the current Managing Director and Chief Executive Officer was also nominated representing Hitachi ABB Power Grids Ltd and this was taken note of in the board meeting held on February 25, 2021. Both Mr. Achim Michael Braun and Mr. Ismo Antero Haka have been appointed liable to retire by rotation and subject to approval of the Shareholders in the ensuing Annual General Meeting. Accordingly, the proposal for regularisation of their appointment is included in the Notice of Annual General Meeting for approval of the Shareholders of the Company. Necessary notice under Section 160 of the Act has been received from Members proposing the candidature of the aforesaid Directors of the Company. At the meeting of the Board of Directors held on February 26, 2021, Mr. Venu Nuguri, Managing Director was designated as Managing Director and Chief Executive Officer. Mr. Mukesh Butani, Ms. Akila Krishnakumar and Ms. Nishi Vasudeva continued as Non-Executive and Independent Directors during the financial year under review.

Mr. Frank Duggan and Mr. Sanjeev Sharma resigned as Directors w.e.f. February 25, 2021 due to the reconstitution of the Board of Directors. Your Directors place on record their sincere appreciation of the valuable contribution made by them.

During the financial year under review as on December 31, 2020, and as on date, Mr. Venu Nuguri, Managing Director and Chief Executive Officer, Mr. Ajay Singh, Chief Financial Officer, and Mr. Poovanna Ammatanda, General Counsel, Company Secretary and Compliance Officer are the Key Managerial Personnel of the Company.

Details of Directors, Key Managerial Personnel and Composition of various Committees of the Board are provided in the Corporate Governance Report forming part of this report.

33. Deposits:

During the financial year under review, your Company did not accept any deposit within the meaning of the provisions of Chapter V – Acceptance of Deposits by Companies of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

34. Share Capital and Debt structure:

There was no change in the share capital during the financial year under review.

Out of 42,381,675 equity shares allotted on December 24, 2019, your Company allotted 9,266 Equity shares (pursuant to fractional entitlements of Members of ABB India Limited as per share entitlement ratio) and the shares were allotted to APPSIL Fractional Shares Trust 2019 which was constituted specifically to hold the shares on behalf of the entitled shareholders of fractional shares in accordance with the Scheme of Arrangement and the same was sold in the market in FY 2020. The sale proceeds were distributed amongst the entitled shareholders.

Pursuant to a resolution passed by the members of your Company on November 26, 2019 and subject to the provisions of the Act and the Articles of Association, the Board is authorised to borrow money, as and when required, from, including without limitation, any bank and/or other financial institution and/or foreign lender and/or anybody corporate/entities/and/or authorities, either in Rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding a sum of ₹ 5,000 crores for the Company, notwithstanding that money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company's bankers in ordinary course of business) may exceed the aggregate of the paid-up capital of the Company, its free reserves and securities premium. It is now proposed to increase this limit to ₹ 6,000 crores and the same is being proposed to the members seeking their approval at the forthcoming Annual General Meeting.

Your Company is debt free as on December 31, 2020 and established credit limits with banks. During the financial year under review, your Company had borrowed from ABB India Limited and the outstanding loan was ₹ 347.62 crores as on December 31, 2019, which has been paid completely during the financial year under review.

Your Company did not have any debt instrument, fixed deposit programme or any scheme or proposal for

mobilization of funds. Hence, during the financial year ended December 31, 2020 it had not obtained any credit rating for this purpose.

However, CRISIL has assigned its 'CRISIL AAA/Stable/CRISIL A1+' ratings to the bank facilities of the Company wef January 04, 2021 as follows:

Total Bank Loan Facilities Rated	₹ 5,000 Crore
Long Term Rating	CRISIL AAA/Stable (Assigned)
Short Term Rating	CRISIL A1+ (Assigned)

There was no issue of preference shares, debenture, warrants or other convertible securities during the financial year under review. Your Company has not issued any shares with differential voting rights, bonus shares, sweat equity shares, employees stock option nor bought back any share during the financial year under review. No shares were held in the trust for the benefit of employees during the financial year under review. There has been no revision of financial statement or report. There was no instance of Statement indicating deviations, if any, in the use of proceeds from the objects stated in the offer document or explanatory statement to the notice for the general meeting.

35. Adapting to the new norm:

To adapt to the new norm, your Company revised how your Company engaged with its customers and helped them as much as possible to stay on track with their project timelines and maintain business continuity.

Your Company amplified customer engagement through technology. To maintain business continuity, your Company leveraged digital solutions for de-risking factory acceptance tests, product service and training, and even commissioning of certain projects. Your Company carried out close to a dozen Remote Factory Acceptance Tests (RFATs) for leading industry players in diverse sectors.

The High Voltage business unit provided a major state-owned power transmission company a virtual tour of your Company's high and low voltage technologies. Your Company's Transformers business unit enabled India's largest steel exporter to remotely inspect its three-phase transformers for an upcoming project. Your Company's Grid Automation business unit conducted RFATs to speed up activity for a leading utility service provider for its projects in Gujarat and Maharashtra and readied Substation Automation Systems for an upcoming metro rail line, among others. Your Company's resilience assured its customers of on-time delivery, equipment reliability and quality and won it big-ticket projects.

Ensuring that your Company's customer engagement stayed high, your Company conducted numerous

virtual technical webinars, attended by over thousands of participants from utilities, industries, transport and infrastructure segment across countries. Your Company launched its flagship customer event Energy and Digital World, with over 600 customers attending virtual inaugural event.

Your Company will be solidifying its presence in the power sector and expanding its footprint and product portfolio to support India's talent and manufacturing capabilities. Your Company will be investing towards expanding its GIS product line to help the Indian transmission and distribution sector – poised to register a CAGR of 5.5 percent for the next five years – meet present and future demand of substation systems. Within that, your Company will augment the grid integration technology such as regulating device used on alternating current electricity transmission networks and power quality products alone to enable power transfer with the lowest environmental impact.

Your Company will be investing in its transformers business, building up the traction transformers capacity and increasing its product portfolio of high-voltage class bushings through facility expansion for meeting imminent demand from locomotives both domestically as well as abroad. Your Company will simultaneously be investing in equipment and machines to support research and development activities for the buildout of various high-voltage global products, critical to India's energy revolution as well as progress under the Make-in-India initiative. Already, your Company has made India the manufacturing base of five global products, with the largest installed base in the power sector nationally.

Besides commensurately increasing headcount to support new projects and increased production, your Company will be enhancing its remote monitoring, analytics and services by expanding its customer experience center in Bengaluru. The center will augment real-time connectivity with energy assets and systems at various sites, a part of the Company's strategy to have more digitally enabled products and systems to grow in the areas of digitalization services.

Your Company is at the forefront of power technology revolution, contributing to the Government's renewable energy targets through products and systems that reduce carbon emissions. As a global leader in power technologies, the Company is committed to make adoption of alternate energy easier, faster and more efficient.

36. Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of the Company:

During the financial year under review, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status of your Company.

With regard to listing process of your Company's equity shares and in terms of the SBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 as amended vide SEBI circular dated Jan 3, 2018 ("SEBI Circular"), your Company was required to list the equity shares of your Company with BSE Limited and National Stock Exchange of India Limited within 60 days of the date of the receipt of the order approving the Scheme of Arrangement. SEBI vide letter dated March 13, 2020 notified to the Company, the delay in compliance with the SEBI Circular and to ensure compliance in future.

37. Internal financial control systems and their adequacy:

The details on Internal financial control systems and their adequacy are provided in the Management's Discussion and Analysis which forms part of this Report.

38. Disclosure as per the Sexual Harassment of Women at Work place (Prevention, Prohibition and Redressal) Act, 2013:

Your Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, and the Rules there under. As required under law, an Internal Complaints Committee has been constituted for reporting and conducting inquiry into the complaints made by the victim on the harassments at the work place. During the financial year under review, one case was reported which was investigated and closed.

39. Statutory Auditors:

Pursuant to provisions of Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, M/s. S. R. Batliboi & Associates LLP, Chartered Accountants (Registration No. 101049W/ E300004) were appointed as Statutory Auditors, for a period of five years, to hold office from the conclusion of first Annual General Meeting until the conclusion of sixth Annual General Meeting at such remuneration as may be mutually agreed amongst by the Board of Directors and the Statutory Auditors.

40. Cost Audit and Cost Auditor of the Company:

In terms of the provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, the Board of Directors, on the recommendation of the Audit Committee, appointed M/s. Ashwin Solanki & Associates, Cost Accountants (Registration No: 100392) as Cost Auditor of the Company, for the financial year ending December 31, 2020, on a remuneration as stated

in the Postal Ballot Notice dated April 30, 2020 which was approved by the members during the financial year under review for conducting the audit of the cost records maintained by your Company.

The Board of Directors, on the recommendation of the Audit Committee, has appointed M/s. Ashwin Solanki & Associates, Cost Accountants (Registration No: 100392) as Cost Auditor of your Company, for the financial year 2021-22, for conducting the audit of the cost records maintained by the Company.

A certificate from M/s. Ashwin Solanki & Associates, Cost Accountants has been received to the effect that their appointment as Cost Auditor of the Company, if made, would be in accordance with the limits specified under Section 141 of the Act and Rules framed thereunder and they are not disqualified to be appointed as Cost Auditor.

A resolution seeking Members' approval for remuneration payable to Cost Auditor forms part of the Notice of the 2nd Annual General Meeting of your Company and same is recommended for your consideration. Cost Audit and Compliance reports for the year 2019 were filed with the Registrar of Companies, within the prescribed time limit.

41. Listing of the equity shares of the Company:

Your Company received listing and trading approval for 4,23,81,675 Equity Shares of ₹ 2 each from the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") on March 25, 2020. The equity shares of your Company commenced trading on BSE and NSE from trading hours on March 30, 2020. The Stock Code of Equity Shares of your Company are NSE Symbol: POWERINDIA, BSE Scrip code: 543187 (POWERINDIA) and ISIN: INE07Y701011

42. Shifting of registered office of the Company:

The registered office of your Company was shifted from 21st Floor, World Trade Center Brigade Gateway, No. 26/1, Dr. Rajkumar Road, Mallechwaram, Bengaluru - 560055 to 8th Floor, Brigade Opus, 70/401, Kodigehalli Main Road, Bengaluru - 560092 w.e.f. March 16, 2020.

43. Postal ballot:

During the financial year under review your Company conducted postal ballot exercise through remote e-voting pursuant to Section 110 and other applicable provisions, if any, of the Act, read with Rule 22 and other applicable rules of the Companies (Management and Administration) Rules, 2014 ("Rules") and General Circular No.14/2020 dated April 8, 2020, read with General Circular No. 17/2020 dated April 13, 2020, issued by Ministry of Corporate Affairs, Government of India ("MCA Circulars") and pursuant to other applicable laws and regulations MCA circulars vide Postal Ballot Notice dated April 30, 2020.

44. Subsidiary/Joint venture :

Your Company did not have any joint venture or subsidiary Company during the financial year under review.

45. Branch offices:

Your Company has completed opening of branch office in Bangladesh during the year under review. Opening of branch office in Sri Lanka and Nepal is in process.

46. Fractional shares:

Pursuant to Scheme of Demerger, your Company had also allotted fractional shares totaling to 9,266 Equity

shares (out of total 4,23,81,675 Equity shares allotted on December 24, 2019) to APPSIL Fractional Shares Trust 2019 on December 24, 2019. Catalyst Trusteeship Limited ("Catalyst") was appointed subsequently on April 30, 2020 as the Trustee to handle fractional shares. 9,266 Equity shares were sold on July 27, 2020 for gross amount totalling to ₹ 8,038,718.30. The tax deducted at source aggregated to ₹ 1,711,516.05 and net amount for distribution was ₹ 6,327,202.25. The distribution of net proceeds commenced from August 3, 2020 through online/cheque mode.

Summary of distribution of fractional shares sale proceeds as on January 31, 2021 was as follows:

20,619 shareholders holding total fractional shares : 9,266 Equity shares	Amount	No of shareholders/cheques/ Dollar DD
Gross amount arising out of sale of fractional shares	₹ 8,038,718.30	20619
TDS amount deducted	₹ 1,711,516.05	20619
Net amount arising out of fractional shares (post TDS)	₹ 6,327,202.25	20619
RTGS and NEFT remittance completed: 18,614 shareholders have been paid successfully	₹ 5,709,760.12 (including 1st and 2nd tranche)	18614 (including 1st and 2nd tranche)
Balance shareholders cheques issued 2004		
Rejected online cases : 1138 Original DD cases : 867 (including 1 Dollar DD case) Total : 2005	₹ 617,442.13	2004 cheques
Cheques deposited and processed (i.e. total amount and number of cheques encashed as on Jan 31, 2021)	₹ 406,040.47	1277 cheques
		727 cheques
Cheques balance pending for depositing by respective holders	₹ 211,401.00	(out of this 338 cheques amounting to ₹ 103,007 has been received back by Kfin Technologies Private Limited, Registrar and Share Transfer Agent as on January 31, 2021)

47. Open offer:

During the financial year under review, a Letter of Offer was issued by the Promoter group-ABB Switzerland Ltd (Acquirer 1), Hitachi Ltd (Acquirer 2), Hitachi ABB Power Grids AG (PAC 1) and ABB Ltd (PAC 2) dated September 02, 2020 ("Open Offer") which opened on September 9, 2020 and closed on September 22, 2020. The open offer was tendered for acquisition of 25 percent public shareholding of your Company. Total of 179 Equity shares were tendered by public shareholders. The Offer price per share was ₹ 872.68 per share. 179 equity shares were acquired under the said Open Offer and the consideration was paid on September 30, 2020 by the Acquirers.

investment in portfolio expansion in the gas insulated switchgear (GIS) space through the production of 145 kilovolt ELK04 GIS product line in Savli, Gujarat, a feeder factory module assembly and an HV test setup in Savli, Gujarat to enable cost reduction of ELK03 420 kV GIS products through local production, in new production lines in Vadodara for various HV products to meet global and local demand, as well as in factory expansion for medium voltage power quality products in Peenya to integrate all presently fragmented operations under one roof to serve an ever-growing power quality market both domestically as well as overseas.

48. New factories in pipeline:

Your Company actively worked toward increasing its market share in the HV segment. Your Company made

Your Company proposes to increase the capacity of medium voltage capacitors. This unit proposed to be in Doddaballapur Industrial Area, Bengaluru, will also cater to low and medium voltage power quality panels and R&D. It will have state-of-the-art processes

including robotic painting and automatic conveyor systems to address advance needs of safety and quality.

This expansion is to cater to an expanding transmission and distribution sector, poised to register a CAGR of 5.5 percent for next five years with growth in infrastructure, renewable & transportation. Further as per the recommendation from the Central electricity authority (CEA), all major utilities are likely to GIS from air insulated switchgear to conserve space, meet power demand and ensure grid reliability and sustainability.

For your Company, these investments will bring operational efficiency and improve our market competitiveness. They will also generate additional volume and EBIT for your Company.

49. Transfer of shares from ABB to Hitachi:

31,786,256 equity shares aggregating 75 percent of the paid up capital of your Company was transferred from ABB Asea Brown Boveri Ltd to ABB Ltd by way of dividend in kind, and subsequently from ABB Ltd to Hitachi ABB Power Grids AG as contribution in kind (as disclosed by the shareholders) on February 05, 2021.

50. Acknowledgements:

The Board of Directors take this opportunity to thank your Company's parent company, customers, members, suppliers, bankers, associates, Central and State Governments and employees at all levels for their support and co-operation extended to your Company during the financial year under review.

For and on behalf of the Board of Directors
For **ABB Power Products and Systems India Limited**

Achim Michael Braun
Chairman
DIN: 08596097

Bengaluru
February 26, 2021

Annexure - A to Boards' Report

Management discussion and analysis

Industry structure and developments

Economic and market overview

2020 was an unprecedented year of social and business upheaval across the world. The COVID-19 outbreak rattled the global economy and triggered a recession, the deepest since the Second World War. It came as a double-barreled blow to the global economy that was already reeling under uncertainty around U.S.-China trade relations. As soon as an interim deal was reached there, COVID-19 appeared and rapidly spread to the entire world.

Curtailment measures such as transport suspension, travel bans, quarantines, social distancing and remote work massively restricted economic activity in Asian countries, the Middle East and Europe, and finally in the Americas and Africa. Segments with high degree personal contact had to substantially limit or stop their operations, while many industries were directly affected by supply chain problems or indirectly by insufficient demand and also ceased production. Global working hours likely dropped 14 percent in the second quarter of 2020, according to the International Labour Organization, the equivalent of 400 million full-time job losses based on a standard 48-hour working week.

Governments and central banks around the world responded with unprecedented fiscal and monetary policy measures to ensure short-term liquidity of businesses and households and later to stimulate their economies after the steep fall. According to the International Monetary Fund (IMF), these measures resulted in fiscal policy responses totaling US\$11.7 trillion and extensive balance sheet expansion on the part of central banks. As a result, and after initial lockdown measures were lifted while the virus outbreak slowed, the global economy experienced a strong rebound in the third quarter. But a full recovery could not be achieved, due to fresh virus outbreaks and restrictions on contact-intensive industries.

India, with a population of 1.4 billion, was amongst the hardest hit nations by the pandemic, both economically as well as in terms of the number of COVID-19 deaths and infections. While annual economic growth had been decelerating since 2016, the pandemic and the strict lockdowns it triggered tipped it into a recession. The country's output contracted 24 percent year-on-year in the April-June quarter. The International Monetary Fund forecasts India to shrink 10.3 percent in the year to March.

On its part, to rescue companies and salvage jobs, the government injected about ₹ 30 trillion, or 15 percent of the gross domestic product, in fiscal stimulus, with monetary buy-in. By May, lockdown restrictions were also eased, and business and industry could reopen in a phased manner. The measures helped. The pace of shrinkage eased to 7.5 percent* in the three months to September. Consumer durables, rail freight, manufacturing, credit and stock market fast took to a rebound.

Power sector overview

The power sector recovered as well. In March, the lockdown caused a major slump in electricity demand, with total generation dipping 7.3 percent y-o-y. By October, it was back up on buoyancy in industrial and commercial activity, outrunning 2019 levels. At the end of the year, India's power consumption was up by 6.1 per cent to 107.3 billion units (BU) versus 101.08 BU the same time last year.

Energy efficiency and clean energy remained key focus areas for the government throughout 2020. There was a major push for electric vehicles and railway electrification and a parallel drive for renewable energy (RE) integration through various policies such as PM Kusum Yojana, initiatives such as Power-for-All and Make-in-India, and commitments such as Mission Innovation – a global initiative to accelerate public and private clean energy innovation, Sustainable Development Goals and Paris Agreement to cut carbon emissions. The government also set a revised target of 220 gigawatt (GW) for RE integration by 2022, up from 175 GW earlier, 30 percent electric vehicle (EV) penetration by 2030 and 100 percent railway electrification in the next 3.5 years.

The intensified focus on cutting carbon footprint yielded in a record narrowing in the gap between coal-generated and renewable-generated electricity. From 17 percent just before the pandemic, the share of renewables accounted for about 24 percent of the 3.71 lakh megawatt installed capacity by June 2020, while coal-fired power declined to 66 percent from 76 percent, according to energy analysts at the International Energy Agency.

However, two parallel stories emerged: one where the falling cost of renewables presented an opportunity for the country to deliver cheaper electricity, the other where Distribution Companies (DICOMS) and Generation Companies (GENCOs) struggled with coal-related debts, unable to free up capital for investments in solar, wind, and storage.

The precipitous slump in power demand due to the pandemic that came on top of sluggish economic conditions since last

* <https://economictimes.indiatimes.com/news/economy/indicators/rbi-says-economy-to-contract-at-7-5-for-fy21-predicts-growth-to-turn-positive-in-second-half/articleshow/79559390.cms?>

year's monsoon, corroded DISCOMs' financial health and in turn that of the generation sector, about half of which is in private hands and reeling under a debt burden of its own. To help DISCOMs recover lost cash flow and soften the blow of the pandemic, the government provided an ₹ 90,000 crore lifeline for the power sector earlier in the year. Some states also allowed DISCOMs to put off paying their debts to generators and transmission companies for months to see them through a period when customers were struggling to pay their bills. While that did little to ameliorate their debt-ridden condition, it impacted companies in the generation sector.

By November, GENCOs had ₹ 1.41 lakh crore in pending dues, up from about ₹ 88,000 crore at the start of the year. Withal, despite their dwindling cash-flows, generators were expected to perform national service amid the public emergency by providing uninterrupted power supply. Matters were made worse with the rupee's weakening against the dollar over the past year, raising their cost for imported coal as well as their cost of finance for rolling over their debts.

These economic and market conditions also influenced your Company. Utilities, a major customer segment, was impacted by the steep drop in demand and mounting debt, while other segments such as industry and transport did the heavy-lifting pre-empting future consumption. Due to the lockdown, short-cycle demand plummeted, collections dipped, and system installation and service activities faced mobility restrictions. Your Company saw delays in approvals of transmission corridors stalling transmission projects, leading to a major reduction in extra high-voltage transmission equipment, and also postponements in power and metro projects. All this impacted its orders and revenues in the second quarter.

To cushion the knock-on effect of the pandemic on subsequent quarters, intensive cost mitigation and business continuity measures were put in place which provided marginal support. Operational resilience and effective use of digital technologies ensured business resilience and your Company was able to book major orders from industry and rail. While your Company worked to mitigate the impact of the crisis, achieve better liquidity and cash position, its top focus remained the safety of its employees and customers.

In accordance with the nationwide lockdown, your Company's shop floors, project sites and offices were shut for more than 30 days. Your Company resumed operations end of April as per the Ministry of Home Affairs' directives in a staggered manner, with due safety guidelines. However, the disarray in supply chain continued and some of the big-ticket projects were impacted by the mass exodus of migrant workers.

To meet timelines, your Company commissioned some projects remotely, and executed remote factory acceptance tests (R-FATs) to help customers stay on track with their projects. Your Company conducted numerous technical webinars, attended by several hundred customers virtually, on technologies that can aid a greener and sustainable post-COVID-19 economic recovery.

Your Company's investment in its people, its strategic business continuity measures, its continued customer engagement, and adaptation to the new norm began yielding results by the third quarter. Your Company could see some semblance of normalcy in business activity and demand, revenue moving closer to pre-pandemic levels. Your Company retained its focus on its fundamentals to build on existing opportunities and make headway into its carefully chosen high-growth segments such as grid automation and rail. Many of these will drive business growth in the years ahead. Also central to your Company's vision were the United Nations Sustainable Development Goals, notably Goal 7 for affordable and clean energy.

In the coming decade, your Company sees technology developments and economic advantages strongly intertwine with Government's ambition to put India in a position to transform its electricity sector, make India an EV manufacturing hub, achieve the net-zero carbon-emitter status for the Indian Railways and build strong local capabilities and skills-set. The push on adoption of advanced digital technologies such as big data and artificial intelligence to curb emissions and improve efficiency, including the digital solutions pioneered by your Company, is projected to continue and opens a vast untapped market.

Business overview

Electricity will soon form the backbone of our country's entire energy system. Foreseeing the same, ABB Power Products and Systems India Limited was listed on national stock exchanges – National Stock Exchange and Bombay Stock Exchange – in March 2020. By July 2020, globally we commenced operation as Hitachi ABB Power Grids in which Hitachi holds an 80.1 percent stake and ABB, the balance. The joint venture (JV) brought together two highly respected companies to create a global power leader, with a combined heritage of 250 years in pioneering technologies. It opened expansion opportunities for the power grids business in areas such as mobility, industry and energy storage, besides providing financial muscle to support ambitious projects and enabling access to Japan, the third largest economy in the world.

By leveraging capabilities in digital platforms, combined with your Company's energy platform and with a focus on intelligent grids, Hitachi ABB Power Grids pushed into the fifth gear its journey to enable customers to increase resilience and efficiency, and unlock new business models. Your Company leapt forward, driven to power good for a sustainable energy future with its pioneering and digital technologies, striving to create a stronger, smarter, and greener grid.

Your Company committed to creating value in emerging areas like sustainable mobility, smart cities, energy storage and data centers, through its four businesses - Grid Automation, Grid Integration, Transformers and High Voltage Products. Packed with an extensive portfolio of smart solutions ranging from Renewable Integration and Energy Storage, through Enterprise Asset Management and e-Bus Charging, to Energy Service, IT,

OT and products, they served utility, industry and infrastructure customers across the value chain.

Your Company's presence in India spans six decades, 16 manufacturing units in five key locations and 17 sales offices. Your Company has more than 2,000 employees serving over 1,000 customers across the power value chain. Your Company's strong footprint, scale, largest installed base, and local capabilities comprising of a solid pool of engineers, researchers, scientists, field engineers and software developers, alongside other functional talents, braced it to power India's energy future.

Segment and product-wise reporting

Your Company is engaged in the business relating to products, projects and services for electricity transmission and related activities. Accordingly, your Company's activities and business is reviewed regularly by the chief operating decision maker from an overall business perspective, rather than reviewing its products/services as individual standalone components. Thus, your Company has only one operating segment, and has no reportable segment in accordance with Ind AS-108 'Operating Segments'.

Our strategy

Hitachi ABB Power Grids strived to achieve its 'purpose' of Powering Good for a sustainable energy future, with pioneering and digital technologies, as the partner of choice for enabling a stronger, smarter, and greener grid. This mission built upon three strategic pillars. First, to become a growth engine through developing a world-class front-end team and a customer-centric mindset. Second, to sharpen your Company's winning portfolio and business models by competitiveness and maximized customer value. And third, to drive for world-class execution by ensuring industry-leading quality and operational performance. These pillars are anchored to a foundation of people and innovation. While hiring top talent and building people capabilities for large projects was a challenge across the power industry, your Company was sure of its strengths, empowered by its agile structure and expected overall market growth.

For the future, your Company's continued focus on research and development (R&D) positions it well to deliver value to its customers even in times of transformation. Your Company is constantly working on short-term evolutionary innovations to existing products and services, as well as long-term innovations crucial for maintaining and strengthening its position as a leader in innovation and for supporting future growth. To ensure your Company is flexible and result-driven, its global research centers and business units are integrated with leading universities in India and abroad, and with its other external partners, in a networked environment.

Your Company will be solidifying its presence in the power sector and expanding its footprint and product portfolio to support India's talent and manufacturing capabilities. Your Company will be investing toward expanding its GIS product line to help the Indian transmission and distribution sector - poised to register a CAGR of 5.5 percent for the next five years - meet present and future demand of substation systems. Within that, your Company will augment the grid integration technology such as regulating device used on alternating current electricity transmission networks and power quality products alone to enable power transfer with the lowest environmental impact.

Your Company will be further investing in its transformers business, building up the traction transformers capacity and increasing its product portfolio of high-voltage class bushings through facility expansion for meeting imminent demand from locomotives both domestically as well as abroad. Hitachi ABB Power Grids will simultaneously be investing in equipment and machines to support research and development activities for the buildout of various high-voltage global products, critical to India's energy revolution as well as progress under the Make-in-India initiative. Already, your Company has made India the manufacturing base of five global products,

Besides commensurately increasing headcount to support new projects and increased production, your Company will be enhancing its remote monitoring, analytics and services by expanding its customer experience center in Bengaluru. The center will augment real-time connectivity with energy assets and systems at various sites, a part of the Company's strategy to have more digitally enabled products and systems to grow in the areas of digitalization services.

Hitachi ABB Power Grids is at the forefront of power technology revolution, contributing to the Government's renewable energy targets through products and systems that reduce carbon emissions. As a global leader in power technologies, your Company is committed to make adoption of alternate energy easier, faster, and more efficient. By joining forces with Hitachi, we are able to create more value for customers and work towards a sustainable society.

In 2021, your Company will be further enabling customers to scale-up and accelerate digitalization, leveraging Hitachi's advanced digital technologies (e.g. LUMADA), IT and OT (operational technology) facilitating increased operational efficiency and optimization. Your Company will be offering an even broader portfolio of services that goes beyond transmission and distribution energy and utilities and into industry, mobility, smart life (cities) and IT. Your Company's commitment to enhance social, environmental, and economic value will have it co-create innovative solutions, such as intelligent grid solutions, with its customers and partners.

Your Company sees immense scope in grid automation, FACTS, rail, HVDC, data centers, software, EV infrastructure and microgrids to drive future growth. Your Company received significant orders from each

segment of these despite the lockdown. In the coming time as well, Your Company sees itself well-positioned to take advantage and have a leading position in these attractive markets.

Operational overview

With faith in your Company's offering and long-term growth drivers, your Company established itself as a new standalone listed entity in March even amid slow economic growth, trade uncertainties and then a pandemic. Economic activity right from the dominant services sector, to the industry to agriculture took a toll due to a long lockdown, the most extensive in the world. New capital formation was disrupted with disturbances in supply chain and new orders were delayed affecting your Company's second quarter growth.

However, thanks to a best-in-class manufacturing base and globally respected technology portfolio, your Company managed to rapidly restore business activity and ensure its customers met their project timelines. Your Company remained resilient in the face of adversity and quickly adapted to the new normal. Your Company's internal transformational initiatives helped it to retain systematic cadence, agility and a disciplined performance, maintaining business continuity, customer engagement and portfolio growth even in hard times. Your Company's spirit for innovation and its people strategy helped it bounce back to pre-pandemic levels by the third quarter.

Your Company went on to book many a milestone order from utility, transport, and industrial customers, right from its substations, automation solutions to transformers and high-voltage switchgear. Your Company initiated pilots for digital transformers application for city grid and renewable integration and in the transportation segment, in addition to traction-based orders, signed an memorandum of understanding with top industry and academic players to deploy its innovative flash-charging technology, Grid-eMotion™ Flash, for e-buses and advance sustainability mobility.

Orders came mostly from utilities, industry, and transport through direct engagement with customers during the year. These orders were for products, your Company's services, and its project-wide involvement such as for Raigarh-Pugalur 800 kV ultra-high voltage direct current transmission link. Even as economic momentum in the domestic market had been slowing since last year, interest from overseas markets compensated well to keep order growth robust.

Active, empathetic, and seamless virtual engagement with employees, customers and partners was one of your Company's key priorities. Your Company held more than 20 CXO meetings to stay abreast of the dynamic business and market situation and worked out various customer engagement models such as webinars that included several dozen industries, power generation developers, EPCs, utilities and independent power producers. Your Company conducted more than 30 webinars covering

trending topics such as renewable integration, storage, asset management, digitalization, power quality and more and had close to 6,000 participants from more than 200 customers in 19 countries across the globe.

Your Company also trained more than 600 customers online, clocking 1,447 man-days. At the start of the year, when physical proximity was not an issue, your Company had trained an upward of 100 customers face-to-face.

Besides, on April 5, 2020, as India participated in a nine-minute Diya Jalao initiative called upon by Prime Minister Narendra Modi to show solidarity amidst the COVID-19 outbreak, your Company actively supported various stakeholders in the power network to successfully carry the event, ensuring grid stability even during the pandemic. This was testament to the dependability of your Company's solutions. Assisted by reliable and efficient communication and SCADA systems that allow remote monitoring and control besides providing timely and actionable insights into the health and performance of mission-critical power infrastructure, your Company's partners were able to handle the event seamlessly. This feat, achieved in a state of lockdown, also demonstrated to Indian power sector players how they could confidently steer through the new normal phase with the help of intelligent digital technology.

Your Company has established Environment and Safety Management Systems and is certified for ISO 14001 and ISO 45001. Your Company's customers recognize your Company for its high standards, continuous enhancement of technology applications and training of channel partners on the highest operational benchmarks. Your Company operates on the principles of LEAN and Six Sigma (L6S) and by year end had trained 52 Yellow Belts, 8 Green Belts, 1 Black Belt.

Discussion on financial performance with respect to operational performance

Performance during the reporting period

Customer interest remained unflinching despite the hardships imposed by the pandemic. Your Company had some significant order wins including, but not limited to:

- A major ₹ 120 crore transformer order from Chittaranjan Locomotive Works toward the Indian Railways,
- A ₹ 100 crore order to strengthen mission critical power infrastructure at HPCL Rajasthan Refinery's Barmer refinery,
- A ₹ 135 crore breakthrough transformer order for Tamil Nadu's Virudnagar substation,
- A ₹ 94 crore renewable energy monitoring automation order from a leading power transmission company in Telangana,

- Transformer orders from a power and infrastructure company in Tamil Nadu exceeding ₹ 70 crore,
- Several AMCs from top steel and O&G companies for deploying your Company's power quality solutions,
- Rail and metro orders for your Company's grid automation and transformers exceeding ₹ 190-crore, and
- Your Company also received substation orders from the metal and mining industry exceeding ₹ 100-crore.

In the July to September quarter, your Company energized the first phase of the Raigarh-Pugalur 800 kV UHVDC link and conducted more than a 100 RFATs tests to strengthen infrastructure across industry. Your Company's High Voltage business unit provided a major state-owned power transmission company a virtual tour of its high and low voltage technologies; its Transformers business unit enabled India's largest steel exporter to remotely inspect its three-phase transformers for an upcoming project. Your Company's Grid Automation business unit conducted RFATs to speed up activity for a leading utility service provider for its projects in Gujarat and Maharashtra and readied Substation Automation Systems for an upcoming metro rail line, among others. Your Company's resilience assured its customers of on-time delivery, equipment reliability and quality.

In addition, your Company launched its game-changing EV charging system for large-scale e-Mobility, Grid-eMotion™ Fleet. Earlier in the year, your Company had signed an MoU with India's largest bus manufacturer, Ashok Leyland, to deploy its Grid-eMotion™ Flash solution for their e-buses. Under the agreement, Ashok Leyland would develop new electric buses using its flash-charge technology which can top up the battery in just seconds while passengers get on and off the bus. This avoids the need to take the vehicle out of service for recharging every few hours or having a replacement bus ready, thus minimizing the size of the fleet while increasing passenger carrying capacity. The latest market offering, Grid-eMotion™ Fleet, is a full 'grid-to-plug' solution for large-scale public transport and commercial fleets, enabling operators to charge more with less. Compared to a conventional connection to the AC grid, the pioneering solution brings a 60 percent reduction in space required for large-scale EV fleet charging, whilst the depot cabling is reduced by 40 percent. The fast-to-install solution harnesses renewable energy through grid integration, smart mobility, digital energy management system and incorporates insights from data analytics. It is currently being localized for the Indian market.

Your Company also introduced its TXpert™ ecosystem, a complete suite of products, software, services and solutions that work together and drive data-driven intelligence and decision making in the operations and maintenance of transformers and power grids, allowing millions of dollars in savings through greater flexibility, efficiency and resilience in electricity networks.

Besides, your Company partnered with the National Institute of Technology, Warangal (NITW), Telangana, to drive smart electric grid technology education, skills development and research activities. With the Department

of Electrical Engineering of NITW, your Company is developing a unique Master of Technology program in Smart Electric Grid. Your Company also took its association with Ashok Leyland a step forward. Your Company teamed up with them to run an e-bus pilot at the Indian Institute of Technology Madras (IITM) campus to support sustainable in-campus commuting by IITM's students and staff. The e-bus, which will incorporate Hitachi ABB Power Grids' innovative flash-charging technology-Grid-eMotion™ Flash, will be provided by Ashok Leyland. IITM will host the infrastructure required to operate the flash-charging system for the e-bus.

In addition to all this, your Company concluded its open offer by September. Only 179 equity shares were tendered – or 0.0004 percent of the shares out of the total paid-up share capital, which demonstrated investor confidence in your Company's fundamentals and future growth by shareholders. Your Company's stock was up 81 percent by December end since its listing on March 30, 2020.

Your Company's orders for the year under review – January to December 2020 – totaled ₹ 3,217.7 crore, and revenue was ₹ 3,438.9 crore. Profit-before-tax was ₹ 136.3 crore and profit-after-tax ₹ 99.8 crores.

Services

The year saw a marked transition in the nature of services. Traditional service orders such as repair, replacement, extension, and maintenance of your Company's products across the different states stayed strong. To that effect, your Company received multiple service orders for high voltage and transformer installations from top utilities and industry players.

In addition, customers across the country also switched from process level to plant level service agreements, and often they looked to upgrade existing infrastructure to support the remote requirements enforced by the pandemic. To name a few, your Company remotely commissioned Control Switching devices in the North-East and conducting troubleshooting of 400 kV GIS for a steel major in Odisha, another in Ratnagiri and a utility in Vadodara.

Across generation, transmission, process industries and metros customers embraced digitalization. Your Company won a milestone order for automation at Renewable Energy Management Centers that advances its green vision by reliably integrating renewables into the grid. Your Company also successfully commissioned its first digitalization project in Maharashtra and booked multiple lifecycle service orders in grid automation from state utilities and manufacturing companies.

Exploration of your Company's TXpert™ range also picked up momentum, as customers matured from use of CoreTec™ and CoreSense™ devices to upgrade their transformers to the digital age, to deploying TXplore™ – the submersible robot for internal inspection examining of transformers without the

need to remove the oil, in much less time than a human would need to disassemble and examine.

Your Company remained a trusted partner for training top talent and had training orders from national and state utilities. Your Company's technology and knowledge institute, PowerTec, alone carried over 30 webinars attended by over 6,000 participants from more than 200 companies across 19 countries and also devoted efforts toward developing future talent for its high-growth segments.

Value-based engagement ensured that customers in the mission critical power and industrial value chain experienced least downtime. Expanding your Company's income from service is a part of its 2025 vision and a lever your Company continued to focus on this quarter, and your Company continued the double-digit growth momentum in service orders for the year under review.

Exports

As the world closed down in efforts to contain the virus, trade between countries came to a standstill. Mission critical sectors such as power were soon granted the license to operate, and your Company strived to deliver through tough market conditions and trade uncertainties. As markets began to open and governments announced investment to jumpstart the economy many took the opportunity to build back better.

Furthermore, your Company also received its largest single export order for transformers for a green energy project in Egypt. Your Company also booked large orders in product and automation for metro systems in Australia and Thailand as the countries migrated to cleaner alternatives for public transport to ensure sustainable urbanization. Your Company's products are also enabling countries in Latin-America to embrace green energy.

Your Company made headway into new emerging power markets such as Uruguay, strengthened the grid in Vietnam and signed deals with customers in Angola, Nigeria, Bhutan, Tanzania, Switzerland, Chile, and many other countries. High-voltage equipment and transformers from the sub-continent saw high demand from South East Asia and Africa. Closer to home, your Company leveraged its global expertise to establish digital substation in Bhutan.

Making in India for India and the world for over six decades, your Company is always investing in developing its capabilities to ensure world-class manufacturing facilities and competence – a true sign of self-reliance.

Operational excellence

The pandemic tested and reaffirmed your Company's long-standing focus on continuous improvement towards sustainable quality across the entire value chain - from suppliers and employees to customers and communities. Your Company's structured investment over the years

enabled it to swiftly adapt and overcome the challenges posed by lockdown, disruption of suppliers and transportation and reduced manpower.

Your Company leveraged its digital foundations, migrating to RFATs across all factories to provide uniform experience to customer and on time delivery. Projects were commissioned remotely for utility customers, ensuring that essential services like power were not only continued but were bolstered. Your Company conducted remote trainings to ensure that customers could effectively deploy and maximize the benefits of its technologies in a world of unprecedented changes.

On a transformative journey, your Company is adopting strategies of profitable growth, relentless execution, and business-led collaboration. For the first time in India, your Company successfully executed Multiprotocol Label Switching-Transport Profile for a petrochemical giant and state utility and executed 350 km Optical Service Transport Platform for Raigarh-Pugalur High Voltage Direct Current project. It was also the year where your Company manufactured the largest number of 765 kV power transformer units, track-side railway transformers and traction transformers and started manufacturing 220 kV power transformers. In addition, your Company continued to be certified as feeder factories for the global needs of your Company's various products - a benchmark for quality and operational excellence.

Initiatives

The efforts of past years continued to gain momentum in your Company's internal Power-Up program that makes change and growth its core mantra to provide value for customers. Your Company is well-positioned for long-term success. Focused on quality as a license to operate, employees invested in their competency development and sustainable cultural change – on the principles of Lean and Six Sigma, we had by year end trained 52 Yellow Belts, 8 Green Belts, 1 Black Belt.

In these difficult market conditions, multi-functional, cross-business unit teams came together in collaborated sales efforts with well governed processes to secure deals with clear value proposition to its customers. For swift addressal of customer requirements, your Company has structured its sales organization to penetrate the market further for a larger share, while nurturing talent to remain current and relevant to customer needs. Through the year, your Company has taken extensive actions to leverage its installed base, evaluate local market needs for potential new product development and customizations, engage early on with stakeholders for prioritized market opportunities to maximize its win probabilities.

Continuous Process Improvement approach help identify and accrue cost savings across its manufacturing locations, with employees across the value chain showing ownership and expertise. With the installation of a new RO plant, consumption of process water was reduced by

3,300 kl per month in the transformer factories. Such greening initiatives were complemented by employees engineering solutions and processes that helped them adhere to strict COVID-19 guidelines – be it in terms of layout for social distancing and decontamination areas, reducing touch points in a process, or solutions for temperature monitoring. Digital tools were also introduced for your Company's frontline onsite engineers – to monitor their health and to warn in case of risks.

The pandemic posed an unprecedented situation for most and even though industry forums migrated to the virtual platforms, they became critical to network and learn best practices to adapt to the ever-changing demands of the time. Your Company continued to contribute to such discussions as well as to thought leadership in areas energy, electric mobility, smart cities, and digitalization through events organized by industry bodies like Confederation of Indian Industry (CII), Central Board of Irrigation And Power (CBIP), International Council on Large Electric Systems (CIGRE) and government bodies like Ministry of New and Renewable Energy (MNRE), embassies, and so on.

Research and Development (R&D)

Your Company's pioneering spirit and commitment to continuous innovation runs deep in its bloodline. For more than a century your Company has been recognized as pioneers and front-runners in technology development – delivering customer value by adopting a solution-oriented approach. Over the decades, your Company has nurtured a mindset of always anticipating the future needs of its customers. Your Company fostered this spirit and today, its talented experts continue to thrive on finding new ways to solve customer needs – and in turn, help solve major societal challenges.

Your Company commenced the year with the launch of PowerDEC (Power Digital Experience Center) in Bengaluru, showcasing the possibilities of its digital solution in tandem with its technology solutions (in PowerTEC in Vadodara). Your Company used this as a platform to continue engaging with customers and stakeholders in Plan-Build-Operate phase of digital transformations of their plants and systems.

To truly understand and develop to the needs of the local market, your Company entered into an MOU with Ashok Leyland on e-mobility to pilot electric bus charging and operation in India. Innovation is rooted in collaboration, and so your Company continue participating in various R&D related activities in association with industry bodies, professional technical groups, forums and policy makers, and R&D have received awards and recognitions in terms of application of innovation, technical publications and presentations.

Your Company's R&D activities are carried out in the global R&D and technology centers as well as R&D embedded in the local businesses, leveraging its local competence for creating social, environmental, and

economic value, globally. Development of new products, features, localized products, and solutions secures as well as creates additional revenue with increased number of customer engagements and installed bases. The financial year under review witnessed the launch of an open, scalable, manufacturer-agnostic ecosystem for digitalization of transformers, designed to drive data-driven intelligence, and advances like this promise to shape future power grids.

Talent

Your Company's investment in training and upskilling employees continues to set us apart in the market. Your Company's success rests on attracting, developing and retaining the right talent who are highly engaged. Your Company's constant focus is also to ensure a working environment of inclusive leadership, transparency and belonging.

Your Company has embraced the new philosophy of life-long learning at Hitachi ABB Power Grids in India. In addition to numerous functional, technical & leadership training programs tailored for different segments, your Company also offer multiple platforms for employee self-learning. Such initiatives have proved instrumental in penetrating and expanding the market presence and in introducing key technologies. As your Company continue to grow, its focus to invest in talent in the segments that are vital for its business growth also sharpens.

For a nation-wide smart electric grid, India's education system and future talent play a vital role. In recognizing this need, your Company partnered with the Department of Electrical Engineering of National Institute of Technology, Warangal (NITW), to develop a unique Master of Technology (M.Tech) program in Smart Electric Grid (SEG) from 2020. The aim is to create a socially relevant and yet internationally-acceptable curriculum, implement innovative and effective teaching methodologies and sharpen focus on the wholesome development of students at the Institute over the next five years. In addition to crafting the course content for the program, your Company will support the Institute in setting up a laboratory for SEG technology and provide internship opportunities for SEG for the M.Tech students and Ph.D scholars.

Collaboration

The pandemic notwithstanding, Hitachi ABB Power Grids in India continued its extensive engagement with the government, utilities, industry, policy bodies, industrial forums such as CII, Indian Electrical & Electronics Manufacturers' Association (IEEMA), India Smart Grids Forum (ISGF) and even media to share about its products and solutions, advance constructive dialogue and shape a sustainable energy policy. Besides

teaming up with NITW to advance smart grid education in India, your Company also partnered with Ashok Leyland and IIT Madras to demonstrate the future of smart mobility; all this in its pursuit of a stronger, smarter, and greener future grid.

Your Company's pilot projects honored the Government of India's Smart Cities Mission and mission for a clean energy future. Your Company collaborated with customers, especially utilities, to ensure smooth operations and power availability even in a time of crisis. Your Company also conducted numerous technical webinars, attended by several hundred customers virtually, on technologies that can aid a greener and sustainable post-COVID-19 economic recovery. Besides, your Company launched its flagship customer event Energy and Digital World, with over 600 customers attending the virtual inaugural event.

Material developments in Human Resources / Industrial Relations front

Human resources

Your Company strongly believes that its employees are the key pillar of your Company's success in the market. Your Company continues to attract the best of talent, thanks to its diverse yet inclusive culture and ability to offer opportunities for their career growth. Your Company's people strategy is aligned with its overall vision to be the pioneer in shaping the future of sustainable energy and your Company is committed to nurturing a cordial and diversified work environment in a growing market and in maximizing the potential of its workforce.

As of December 31, 2020, your Company's employee base stood at 2,290. As a technology leader in power systems domain, with an inclusive culture and growing scope for opportunities for nurturing talent, your Company remains an employer of choice. To ensure that your Company continues to attract top talent, your Company has launched innovative employer branding initiatives and consistently created avenues for embracing the culture of life-long learning.

Your Company has invested in the development of its employees and are devoted to helping them adapt and perform better in this volatile, uncertain, complex, and ambiguous (VUCA) market environment. With enhanced performance management and talent strategy, your Company focuses on attracting, assessing and developing its human capital for today and for the future. Your Company pays immense attention to inculcating a learning environment within teams and providing opportunities for global mobility, to manage talent in key function areas.

Your Company had to reset its course to be resilient with the changes the pandemic situation has brought in 2020. We'd embarked on its new journey with a focus on 3Ps:

- Protecting our people: Voluntary COVID-19 test centers across office locations and factories which covered 2000 employees; Association with Connect and Heal to facilitate 24/7 expert healthcare support to employees and their family, Employees who have been diagnosed COVID-19 positive were also extended further support based on their need – financial / non-financial
- Preserving the business continuity: 30 percent work force capacity at any given time, flexible work practices, enablement and accessibility to digital platforms for smooth business operations. Ensuring transparent communications driven by the leadership through regular digital round ups and bulletins
- Preparing for the new norm: introduced new safety norms, creating continuous awareness about the pandemic and preventive measures including doctor talks, highest level of safety measures were undertaken including workplace sanitization, thermal screening, distribution of face masks and face shields, demarcation of work stations.

Never has your Company been so severely tested before on the resilience front than recently when your Company was itself coping and helping its customers & employees cope with the COVID-19 outbreak. While your Company's learning and development (L&D) function continued its focus on leadership and professional development programs, your Company also shifted gears in incorporating self-paced learning and steered away from the status quo through various programs not limited to change management, resilience & others to help employees redefine business problems in a way that makes new, innovative responses possible. The Company's L&D team also saw the transformation of the Global Training Programs such as PG4U, Middle Managers Program, Leadership Essentials Program and Female Talent development Program. This year, there was increased focus on developing cross cultural awareness and preparing managers to deal with a workforce which is increasingly diverse and technology friendly. At Hitachi ABB Power Grids in India, a self-paced, lifelong learning integrated effectively into its workday, is your Company's instrument of choice to empower its employees.

Your Company encourages its employees to progress within the organization as opportunities arise. The organization has a strong talent management process to evaluate the best of talent, encourage and provide career development opportunities for promising employees through individual career development plans. Developing leaders internally continues to be a priority for the Company & with that in mind, succession plans are developed for all critical roles in the organization post talent risk assessments and engagement study.

In addition, persistent attention to provide an inclusive environment to promote diversity in especially abled people,

gender, age, and culture, including opportunities for global mobility. An ex-employee outreach program was also launched to encourage rehiring of high performers who may have left for various reasons. Your Company also launched Diversity 360 to position Diversity & Inclusion (D&I) at the core of its long-term business success. Your Company believes Diversity + Collaboration = Innovation. The organization promises to deliver brilliant employee experiences as a new company, where its extraordinary talents are given the right environment and are empowered to thrive.

To foster the D&I culture in our organization, Hitachi ABB Power Grids in India focused on incorporating D&I as each business unit's accountability by launching SPECTRUM – India's diversity & inclusion forum. SPECTRUM provides a platform for employees' networking and engagement and works with diversity councils to execute D&I initiatives across business units and also measure the effectiveness of all such initiatives.

During the financial year under review, your Company had floated a Voluntary Retirement Scheme for workmen in its Grid Automation unit, Peenya with an objective to achieve overall improvement of the long-term cost visibility of the business and to remain cost effective in an increasingly competitive business environment. Two employees accepted the offer with a cash outflow of ₹ 1.34 crores.

Finance

Your Company continued its credible performance through relentless execution and business-led collaboration. Your Company generated revenue worth ₹3,438.94 crores in 2020 against ₹3,236.53 crores in 2019, reflecting stability of operations in difficult economic conditions. Your Company's net profit stood at ₹99.80 crores against ₹165.4 crores.

Your Company's current ratio was at 1.1 and interest coverage ratio at 9.4, showing strength in its balance sheet and its ability to maximize capital. Your Company's debtor turnover ratio was 2.0, indicating its robust collection processes. However, your Company is also discussing potential repayment mechanisms to clear historical overdues.

Inventory turnover stood at 7.0. Your Company's operating EBITA was 5.7 percent, while net profit margin was at 2.9 percent.

In 2020, the interest cost borne by your Company was ₹ 20.4 crore. As on December 31, 2020, your Company had a net cash balance of ₹ 319.0 crore. In terms of foreign currency exposure – for imports and exports – your Company continued to conservatively hedge at the point of commitment to protect the contract margins.

Details of significant changes (i.e. change of 25 percent or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations thereof:

Key financial ratios

Ratios	FY 2020	FY 2019
Debtors Turnover	2.0	2.0
Inventory Turnover	7.0	6.7
Interest Coverage Ratio	9.4	10.9
Current Ratio	1.1	1.1
Debt Equity Ratio	NA	NA*
Operating Profit Margin (%)	7.8	10.4
Operating EBITA (%)	5.7	9.0
Net Profit Margin (%)	2.9	5.1
Details of any change in return on net worth as compared to immediate previous financial year along with a detailed explanation thereof	NA	NA**

*Not applicable as your Company had short-term borrowing only in books

**Not applicable since your Company was incorporated on February 19, 2019, previous year figures are not applicable.

Disclosure of accounting treatment: Your Company followed IND-AS and has detailed its accounting policy in Note 2 of the financial statements.

Risk and concerns

Risk is inherent in business. Hitachi ABB Power Grids is well-supported by vigorous risk management and governance mechanisms. Our risk management charter and policy provide us an overarching outline in that regard.

Your Company's Risk Management ("RM") policy details the process for identifying, escalating, prioritizing, mitigating and monitoring key risk events and action plans. The assessment of risks covers areas of strategy, technology, finance, operations and systems, legal and regulatory and human resources risks. There are appropriate assurance and monitoring mechanisms in place to monitor the effectiveness of your Company's RM framework, including the mitigation plans identified by management for key risks. Your Company undertake RM exercises to identify and expand its knowledge of potential risks in a changing market and handle them effectively.

Your Company's existing framework provides for risk reviews at various levels based on the 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 and performance review among others are done on a regular basis.

The aim is to minimize adverse impacts, leverage market opportunities efficiently, and enhance your business competitiveness.

Internal control systems and their adequacy

Internal Controls (IC) in your Company have been designed to withstand and further the interest of all stakeholders by providing an environment which is conducive to conduct its operations. Your Company's IC environment is in place to take care of, inter alia, financial and operational risks.

Your Company maintains a holistic framework to that effect with elements like a Country Management Committee, Group Directives and Instructions, Local Management Instructions, Entity-Level Controls, Process Level Controls and Management Testing Programs. The same provides a platform for adequate control processes commensurate with the size of the Company. A strong emphasis on integrity and ethics forms a part of your Company's work culture. An independent service provider, having expertise in the field, performs Internal Financial Control effectiveness testing.

Outlook

Following a period of extreme turbulence starting February 2020, markets began to show gradual recovery in the second half of the year. The ambition for clean energy and nature-positive infrastructure remained in focus as the government set even more ambitious renewable energy targets, promoted rail electrification, incentivized electric vehicle adoption, and provided credit liquidity for distressed power entities to ensure uninterrupted power transmission.

Your Company witnessed an accelerated shift from fossil-based power production towards renewable-based generation, growing electrification of transportation, of industry and of buildings, and even higher interest in sustainable energy carriers such as green hydrogen.

As energy and electricity demand rises, significant investment in capacity addition, grid infrastructure and energy efficiency will be required. The IEA expects India's energy demand to more than double by 2040, while electricity demand could triple with current policies in place. Your Company needs to build capacity, flexibility and resilience in its power infrastructure to integrate increasing amounts of intermittent renewables and distributed energy and address new supply and demand challenges. To ensure power for all, your Company will have to make the grid stronger, smarter and greener.

Your Company believes the carbon-neutral future is electric and see itself playing a leading role in driving the Energy Transition. Your Company cares about social value – ensuring reliable and affordable energy supply; environmental value – ensuring sustainable development; and economic value – bringing cost optimization/effectiveness for our customers. Through its digital and energy platform, your Company offers intelligent solutions to customers and partners for a

sustainable energy future and contribute better to the Sustainable Development Goals.

Power demand in India has already surpassed previous year's levels and your Company sees utilities, which have traditionally been averse to the adoption of new technologies, now starting to realize the benefits of smart power solutions and investing in upscaling, digitalization and on cybersecurity. With more data coming out of customers' meters, utilities are focusing on data analytics for load forecasting, generation planning, managing peaks and increasing customers' awareness regarding energy efficiency. Big data and cloud computing are useful tools that are aiding these initiatives. Cloud models are lowering utilities' IT capital expenditure and offering unlimited computing and advanced analytics, while IoT is helping power companies remotely monitor, manage and protect their assets. The new normal has brought home the significance of investing in such technologies that are not held hostage to physical immobility or absence.

In addition, your Company has seen large corporates increasingly signing power purchase agreements (PPAs) with generators to meet their energy requirements. Most of these are signed with renewable energy generators, enabling them to increase the share of renewable energy in their total consumption. Companies such as Amazon, Facebook, Google, and Microsoft continued to sign PPAs in 2019, and this trend is expected to continue in the future due to the expansion of the datacenters market.

The rise in renewable energy will continue to challenge existing high-baseload structures in favor of distributed generation and volatile energy sources dependent on weather. As electricity generation grows increasingly volatile and decentralized, schedulers, traders, and risk managers will need to be able to react quickly to changing supply and demand conditions. Your Company will need to leverage all forms of technology, from interconnections and backbone transmission to grid edge, from storage to power quality, with digitalization across the value chain and collaboration across all stakeholders.

In 2021, your Company looks at playing an active role in renewable energy integration as government aims to increase generation capacity; in railway electrification with 27,000 kilometers yet to be electrified by 2023; in regional transport ventures such as National Capital Region Transport Corporation (Delhi – Meerut) and high-speed rail (Ahmedabad – Mumbai), and in metro projects that are either under execution or in a planning. Data centers hold vast untapped potential for your Company in India. With the Government expected to roll out a data center policy soon, your Company will likely see exponential growth and areas to pitch its products and services for segment augmentation and business growth.

Your Company is also awaiting further developments in the e-mobility space which is at a nascent stage in the country right now. With many cities coming up with a Bus Rapid Transit System, there is an opportunity area

which can go electric. At the get-go, your Company is well-placed to support the segment with its award-winning, innovative flash and fleet charging solutions– Grid-eMotion™ Flash and Grid-eMotion™ Fleet.

As leaders in HVDC technology, your Company is currently executing the Raigarh-Pugalur HVDC project and see opportunities for upgrades of maturing HVDC stations in the coming years. Your Company is also seeing investments starting to happen toward port upgradation i.e., deployment of smart port infrastructure and shore-to-ship power systems. This is an encouraging development and your Company is well-positioned to take advantage of it with its offerings.

Opportunities and threats

For 2020, unexpected turn of events has impacted your Company's market outlook. While various macro parameters had been putting a downward pressure on economic growth, the Coronavirus outbreak has pushed many projects and orders to the backseat. However, Government spending in infrastructure and efforts to boost credit liquidity will provide a mild thrust for industry capex. As normalcy is restored, renewables and rail will continue to be areas of robust growth, while the data center and e-mobility markets will unleash opportunities for new business models and overall sector growth. More clarity and policy impetus from the Government will help to speed up investments. However, your Company expects prices to remain under pressure due to competition and the desire of Government for a lower price discovery in rail and solar projects.

In 2021, your Company looks forward to playing an even more active role in renewable energy integration as government aims to increase generation capacity, railway electrification with over 28,000 kilometers yet to be electrified by 2023-24, regional transport ventures and high-speed rail, and in metro projects that are either under execution or under planning. Data centers is another market for your Company that holds a huge untapped potential. With the Government expected to roll out a new data center policy soon, your Company expects to see exponential growth and areas to pitch its products and services for segment expansion and business growth.

Your Company is also awaiting further developments in the e-mobility space which is at a nascent stage in the country right now. With many cities coming up with transitways or Bus Rapid Transit, there is an opportunity area which can go electric. At the outset, your Company sees itself well-placed to support the segment with its award-winning, innovative flash and fleet charging solutions – Grid-eMotion™ Flash and Grid-eMotion™ Fleet.

As leaders in HVDC technology, your Company is currently executing the Raigarh-Pugalur HVDC project and has already energized the first phase. In the coming years, your Company see opportunities for upgrades of other maturing HVDC stations. Your Company is also seeing investments starting to happen toward port upgradation i.e., deployment of smart

port infrastructure and shore-to-ship power systems. This is an encouraging development and with your Company's offerings your Company is well-positioned to take advantage of it.

The financial stress due to the lockdown, coupled with the already precarious position of the power sector requires a renewed focus and commitment to reforms, such as a revisit to cross-subsidy surcharges and energy costs, that are not only balanced but also implemented at an accelerated pace.

India's power system has undergone massive transformation due to significant reforms by the Government of India in the past. Their reforms have led to the creation of a single national power grid (One Nation One Grid) and boosted access to electricity for citizens across urban and rural areas. The system has been in surplus in recent years thanks to the investment in generation. However, our Country's power infrastructure has also aged greatly and needs greater investment in power product and system upgradation. As a signatory to the Paris Agreement, India has taken the responsibility of creating a cumulative carbon sink of 2.5-3 billion tons of carbon dioxide equivalent by 2030. This coupled with the Renewable Energy target of 450 GW by 2030 makes it crucial for India to work towards modernizing its grid and make it smarter.

As your Company became more reliant on technology owing to a systemic push for Digital India and EV adoption, electricity will be the backbone of its entire energy system and the national economy. An efficient grid will make for overall economic prosperity while helping it to achieve its climate and renewable energy targets. Your Company aims for an exemplary partnership to build back better.

In all this, your Company is confident that it has the expertise and footprint to build on the momentum and power ahead.

Cautionary statement

Certain statements made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations whether expressed or implied. Several factors could make significant difference to your Company's Operations. These include climatic and economic conditions affecting demand and supply, government regulations, taxation, and natural calamities over which the Company does not have any direct control.

Annexure - B to Boards' Report

Statement of Disclosure of Remuneration

The information relating to remuneration of Directors / Key Managerial Personnel as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- Ratio of the remuneration of each Executive Director to the median remuneration of the employees of the Company for the financial year 2020, the percentage increase in remuneration of Chief Executive Officer (MD), Chief Financial Officer and Company Secretary during the financial year 2020.

Sl No.	Name of the Director / Key Managerial Personnel	Designation	Ratio of remuneration of each Director to median remuneration of employees	Percentage increase in Remuneration
1	Mr. Venu Nuguri	Managing Director and Chief Executive Officer	88%	15%
2	Mr. Ajay Singh	Chief Financial Officer	28%	15%
3	Mr. Poovanna Ammatanda	General Counsel & Company Secretary	25%	NIL

Notes:

- Revision in remuneration of Mr. N. Venu, Managing Director and Chief Executive Officer is effective March 2020 recommended by Nomination & Remuneration Committee and approved by Board of Directors' on February 08, 2021.
 - Independent Directors of the Company are entitled for sitting fees and commission as per the statutory provisions and within the limits approved by the share holders. As a policy, the Non-Executive-Non-Independent Directors are neither paid sitting fee nor paid any commission. The details of remuneration of Non-executive Directors are provided in the Corporate Governance Report. The ratio of remuneration and percentage increase for Non-executive Directors Remuneration is therefore not considered for the above purpose.
- Percentage increase in the median remuneration of employees for the financial year: 9.99 percent.
 - Number of permanent employees on rolls of the Company as on December 31, 2020 : 2,290 employees.
 - Average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and to point out if there are any exceptional circumstances for increase in the managerial remuneration: As per Company's increment guideline.
 - Affirmation that the remuneration is as per remuneration policy of the Company: Yes

For and on behalf of Board of Directors
For **ABB Power Products and Systems India Limited**

Achim Michael Braun
Chairman
DIN: 08596097

Bengaluru
February 26, 2021

Annexure - C to Boards' Report

Conservation of energy, technology absorption, foreign exchange earnings and outgo.

Pursuant to provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014.

A. Conservation of energy

1. Steps taken or impact on conservation of energy:

- Replaced conventional and Metal Halide lights with energy efficient Light Emitting Diode light fixtures in office, production bays, testing and store areas. All upcoming infrastructure investments are planned with installation of energy efficient Light Emitting Diode
- Power saving in lighting achieved by installing motion sensors in washrooms. Installed Timers in High Bay Light fixtures of Core, Assembly and Active part area in Large and Medium Power Transformers factory. It has resulted in Energy saving by controlling the operation of lights in day hours
- Installed Variable Frequency Drive (VFD) in Air compressor. It resulted in energy saving by reducing energy losses in load and no-load cycle of Air compressor
- Power factor for the year 2020 was maintained at 0.99 by replacing Faulty capacitors, increasing the frequency of periodic/preventive maintenance to identify faulty units, replacement of fixed capacitor bank by Automatic power factor correction panel
- The old centralized air compressor system is upgraded by installing new energy efficient, automated, Variable Frequency Drive based Air compressor near to the load in Live Tank Breakers and Instrument Transformers factories. It has resulted in saving in energy by reducing the line losses and by increasing the cut off hours of the compressor
- The old underground Mild Steel line of fire hydrant network replaced by stainless steel pipes. It has resulted in saving in water and energy by reducing the frequent operation of Jockey Pump
- Reduction in operating pressure of compressor and attending the leakages thus reducing the operational hours of compressor
- New Reverse Osmosis (RO) Plant was installed for treatment of process water from Central Effluent Treatment Plant
- Centralized Effluent Treatment Plant (CETP) for efficient handling & treatment of process water from production lines
- Treated water (~ 30%) from RO plant is recycled back to the process thereby reducing freshwater intake from the river
- Water audit conducted to find out leakages in the existing network and actions to cap the leakages

2. The steps taken by the Company for utilising alternate sources of energy:

- Rooftop solar Photo Voltaic power in factory locations
- Buying green (solar and wind) from energy service companies (wheeled power) for factory operations

3. The Capital Investment on energy conservation equipment's:

- Light Emitting Diode lighting, Motion sensor system for lighting control
- Variable Frequency Drive (VFD) in AHU air compressors
- Power factor improvement solutions
- Centralized Effluent Treatment Plant (CETP)
- New Reverse Osmosis (RO) Plant

B. Technology absorption

1. The efforts made towards technology absorption:

- Development and type testing of IMB 145 cost out and IMB 420, 3kA legacy design
- Development of Dielectric Dissipation Factor switch in Hybrid Capacitor Voltage Transformer portfolio
- Oil Impregnated Paper Electro-magnetic Unit optimization and introduction in Hybrid Capacitor Voltage Transformer
- Facility for manufacturing and testing of 800kV High Voltage Direct Current converter
- Short Circuit test on largest rated 7760 kVA Dry type Excitation transformer
- Successfully deployed pilots to demonstrate Digital Transformer technologies on new and installed power transformers
- Adopted and applied Transformer design technology for Ester fluid insulated units up to 400kV (under execution)

- Successfully used Common Design System (TrafostarLite) design platform to develop and prototype testing of 30.24MVA 220kV 1-phase Railway Tracksider feeder transformers
- Carried out touchless inspection of power transformers using TXplore™ – an inspection robot remotely operated by service personnel without the need to remove oil offering time and cost advantage in transformer inspections
- New design and development of 145 kV vertical break disconnectors for 75/63kA 3150/4000A for American National Standards Institute as well as International Electrotechnical Commission markets
- New design and development of 145 kV Center Break Disconnector for 40kA 1250/1600A
- New design and development of 500Nm Worm Geared Drive with reduced cost as well as complying to American National Standards Institute market requirements
- Technology transfer of DDHV145
- Qualification of existing products for American National Standards Institute market requirements (SDF & eDB - 72.5kV to 362kV)
- BOM structure synchronization between SAP and PLM for Disconnector Switch products
- Introduction of IMB 73 cost out in line with IMB145 cost out
- Introduction of bellow design in IMB145 cost out
- Validation of SDF145 2500A to enhanced rating of 3150A
- Class B feature adaption in DEB420 Earth Switch
- Extended product ratings for BTS to SDF 36 & 72.5 kV
- Type testing of current transformer - IMB420, 2kA SWIFT design
- Technical and operational knowhow systematically adopted to apply on new Digital technologies and products like CoreSense, CoreTec and Ellipse APM edge (Transformer predictive monitoring and asset management)
- SDF 420 Disconnector type tested for 50kA for 3s
- Synchro Phasors measurement and monitoring Systems
- Railway electrical protection system
- Multiprotocol Label Switching (MPLS) -Broadband Fiber optic communication system for power utility & oil & gas sector applications
- Asset Performance Management (APM)
- Improvement in design of COMBITEST test switches to handle Current Transformer secondary side interruptions while diagnostic testing of numerical relays
- Improvement in design of Fuse failure relay with contact configurations as per new market demand
- Design and development of new Bust Potential Transformer selection relay on COMBIFLEX platform
- Virtual Reality (Power Twin) technologies for power equipment
- High Voltage Direct Current Control & Protection Latest Technology: Digitally enabled and flexible, natural cooling and compact
- Cyber security assessment and compliance
- Collaboration with R&D for new technologies in renewable energy integration, cyber security and latest digital technologies
- Flexible AC Transmission System - Collaboration with regional and global engineering, local resources hired for engineering and bids and proposal
- Prefabricated Substation - Collaboration with global engineering; Developed in-house competency through Learning by doing
- Grid-eMotion™ Flash - Collaboration with Global Product Group engineering; Developing in house competency through pilot project
- Offshore wind substation - Collaboration with global engineering; Deputed engineer to Germany to develop such competency
- Digital Substation and Data Center Substation - Developed competency through execution
- Reliability centered substation operation and maintenance (RelCare) - Secured Service Level Agreement with Customer
- Underground Substation - Presently bidding for an Engineering Consultancy Services in Collaboration with global center of excellence
- Flexible AC Transmission System - Localization of components and solutions

2. The benefits derived as a result of technology absorption:

- Securing and enhancing market offerings
- Improved market penetration of various products
- Improving product margins
- Reducing quality issues and cost of poor quality
- Fulfilling customer and market special requirements
- Cost effective engineering and solutions to customers
- Avoiding outages in power system, grid and operation
- New applications for utilities, industries, infrastructure and transport segments
- Improved customer satisfaction and possibility of better market penetration
- Supporting country initiative, localization and local opportunities
- Making power equipment, devices, systems and operation cyber secure

3. Technologies imported during the last three years imported during January - December 2020

- 800kV High Voltage Direct Current transformer manufacturing technology
- Elliptical windings in 1-phase 500 MVA, 765 kV auto transformers
- TXplore™ - transformer internal inspection robot that does not need oil removal from power transformer for inspection
- Migrated all the Disconnector products documents in Product Lifecycle Management
- New design and development of 420 kV current transformer
- Asset Performance Management (APM) software application
- Phasor measurement units for Wide Area Monitoring Systems
- Railways electrical system protection relays
- Multiprotocol Label Switching (MPLS) - Broadband Fiber optic communication thermal equipment with management software
- Latest High Voltage Direct Current valves, control and protection
- Ultra-High voltage Direct Current (UHVDC) transformer, bushing and DC yard equipment
- Prefabricated substation design
- Electric bus changing system (Grid-eMotion™ Flash) - Design, equipment and accessories
- Offshore wind power evacuation - engineering competency
- Digital Substation concept and solutions
- Data Centre design
- Skid - mounted switchgear solution concept and solutions
- Reliability centered maintenance concept and tool for substations
- Underground substation concepts and design

All technologies are fully absorbed.

4. The expenditure incurred on Research and Development:

SI No.	Information Type	January - December 2020
1	Expenditure on R&D and above product development/innovation	Expenditure on R&D and above product development/ innovation: The R&D, product development and innovation activities are part of global R&D, funded and owned by Hitachi ABB Power Grids global. Hence not reported here.

C. Foreign exchange earnings and outgo

Total foreign exchange used and earned	(Amount in ₹ crores)	
	2020	2019
Foreign Exchange earned	616	531
Foreign Exchange used	934	643

For and on behalf of Board of Directors
For **ABB Power Products and Systems India Limited**

Achim Michael Braun
Chairman
DIN: 08596097

Bengaluru
February 26, 2021

Annexure - D to Boards' Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITIES (CSR) ACTIVITIES

1. Brief outline on CSR policy of the Company:

CSR policy

The Company views corporate social responsibility as a channel to further its cause of "bringing power to all by shaping the future of sustainable energy". The Company is committed to sustainable and inclusive development of the community's social capital through active engagement.

Following are key areas for Company's CSR intervention:

Promote gender equality and empowering of women in engineering workforce

To promote gender equality by ensuring initiatives to empower/advancement of women and in the engineering workforce, thereby increasing diversity and inclusion.

Endorse education, employability & healthcare

To promote gender equality by ensuring initiatives to empower/advancement of women and in the engineering workforce, thereby increasing diversity and inclusion.

Endorse education, employability & healthcare

To create necessary infrastructure and resources to enable promotion of primary education among children and impart vocational skills training to the youth, promoting health care including preventive health care.

Social impact projects

To collaborate with communities to provide innovative off-grid solutions to improve access to electricity in the country, especially in rural areas for its development.

Support national disaster management and other government initiatives

To actively support national disaster management including relief, rehabilitation and reconstruction activities and support in other initiatives for promoting including preventive measures for health care systems, hygiene and sanitation.

Aid in sustainable development goals

To promote an ecosystem for sustainable development goals by encouraging usage of indigenous innovative and sustainable solutions by aiding, development, promoting, facilitating and undertaking testing of new frontiers of science, technology, engineering, and environment in partnership with like minded institutions, incubators and sponsors.

The Company's Corporate Social Responsibility Policy is available at the following link:
<https://www.hitachiabb-powergrids.com/in/en/investor-relations/corporate-governance-policies>

2. Composition of the CSR Committee

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Akila Krishnakumar	Chairperson - Independent Director	4	4
2	Mr. Sanjeev Sharma	Member - Non-Executive Director	4	4
3	Mr. Venu Nuguri	Member - Managing Director and Chief Executive Officer	4	4

At the meeting of the Board of Directors held on February 26, 2021, Mr. Achim Michael Braun was inducted as Member of the CSR Committee in place of Mr. Sanjeev Sharma consequent to the reconstitution of the Board.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company.

Composition of CSR committee	https://www.hitachiabb-powergrids.com/in/en/investor-relations/board-of-directors
CSR Policy	https://www.hitachiabb-powergrids.com/in/en/investor-relations/corporate-governance-policies
CSR projects approved by the board	https://www.hitachiabb-powergrids.com/in/en/investor-relations/corporate-social-responsibility-csr

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

Not applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Not applicable

6. Average net profit of the Company as per section 135(5)

Your Company was incorporated in February 19, 2019. The average net profit for FY 2020 was to be derived from FY 2019 net profit. The net profit was ₹ 220.99 crores for computation of CSR amount.

7. (a) Two percent of average net profit of the Company as per section 135(5): ₹ 44,198,000/- for FY 2020
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL
 (c) Amount required to be set off for the financial year, if any: NIL
 (d) Total CSR obligation for the financial year (7a+7b+7c): ₹ 44,198,000/- for FY 2020

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 10,814,512/-	₹ 33,200,000/-	29 January, 2021	NA	NIL	NA
	Balance amount of ₹ 183,488/- amount will be transferred in due course	Balance amount of ₹ 183,488/- amount will be transferred in due course			

(b) Details of CSR amount spent against ongoing projects for the financial year:

1	2	3	4	5	6	7	8	9	10	11		
Sl. No	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project	Project duration.	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)*	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	Name	CSR Registration no
			State	District								
1	PM Cares fund	Health Care	No	Central	NA	One time	6,184,358/-	6,184,358/-	NIL	Yes	NA	NA
2	Distributing food kits, containing some essential grocery items, for COVID-19 situation.	Nutrition, Primary Healthcare	Yes	Karnataka Gujarat	Mysuru Vadodara	One time	2,468,972/-	168,972/-	2,300,000/-	Yes	NA	NA
3	Face shields for Police	Health Care	Yes	Karnataka	Bengaluru	One time	141,600/-	141,600/-	NIL	Yes	NA	NA
4	Greening of traffic circles	Environment sustainability	Yes	Gujarat	Vadodara	12 months	399,612/-	399,612/-	NIL	No	Vadodara Municipal Corporation, Vadodara	NA

5	Ambulance Service by Sevathirth	Primary Healthcare	Yes	Gujarat	Vadodara	12 months	1,620,000/-	1,620,000/-	NIL	No	Society for the Training and Vocational Rehabilitation of the Disabled, Vadodara	NA
6	Smart Electric Grid - Laboratory for quality education and skill development at NIT-Warrangal	Enhancing vocational skills & ensuring Environmental sustainability	No	Telangana	Warrangal	12 months	8,000,000/-	2,300,000/-	5,700,000	Yes	NA	NA
7	Sustainable Public Mobility - Piloting societal adaptation of clean energy in public mobility at IIT- Madras	Enhancing vocational skills & ensuring Environmental sustainability	Yes	Tamil Nadu	Chennai	10 months	11,500,000/-	NIL	11,500,000/-	Yes	NA	NA
8	Greener Smart City - Connecting industry, innovation and infrastructure at IIT- Roorkee	Enhancing vocational skills & ensuring Environmental sustainability	No	Uttarakhand	Hardwar	10 months	5,000,000/-	NIL	5,000,000/-	Yes	NA	NA
9	Empowering Women in Manufacturing & Engineering	Promoting Gender equality, education & empowering women	Yes	Karnataka Gujarat Tamil Nadu	Bengaluru & Mysuru Vadodara Chennai	12 months	4,000,000/-	NIL	4,000,000/-	No	Sikshana Foundation, Bengaluru	NA
10	COVID-19 Innovations Deployment at C-CAMP (Center for Cellular and Molecular Platforms)	Health Care	Yes	Karnataka	Bengaluru	12 months	4,700,000/-	NIL	4,700,000/-	No	Centre for Cellular and Molecular Platform (C-CAMP), Bengaluru	NA

* Voluntarily transferred

- (c) Details of CSR amount spent against other than ongoing projects for the financial year: NIL
- (d) Amount spent in Administrative Overheads: NIL
- (e) Amount spent on Impact Assessment, if applicable: Not applicable
- (f) Total amount spent for the financial year (8b+8c+8d+8e): ₹ 10,814,512/- (as on 31 December, 2020)
- (g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per section 135(5)	₹ 44,198,000/- for FY 2020
(ii)	Total amount spent for the financial year	₹ 10,814,512/- (as on 31 Dec 2020)
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NA
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NA
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NA

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding Financial Years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1	FY 2019	NA	NA	NA	NA	NA	NA
2	FY 2020	₹ 33,200,000/- ₹ 183,488/-	₹ 10,814,512/- (as on 31 Dec 2020)	NA	NA	NA	₹ 33,383,488/-
	Total	₹ 33,383,488/-	₹ 10,814,512/-	NA	NA	NA	₹ 33,383,488/-

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NA

1	2	3	4	5	6	7	8	9
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed / Ongoing
1	NA	NA	NA	NA	NA	NA	NA	NA
2	NA	NA	NA	NA	NA	NA	NA	NA
3	NA	NA	NA	NA	NA	NA	NA	NA
	TOTAL	NA	NA	NA	NA	NA	NA	NA

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year. (asset-wise details).

(a) Date of creation or acquisition of the capital asset(s): NA

(b) Amount of CSR spent for creation or acquisition of capital asset.: NIL

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: NA

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): NA

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5).

Due to COVID-19 pandemic situation, few beneficiaries were not operating and accessible therefore, your Company was unable to spend 100 percent earmarked amount. Your Company has earmarked projects which are active (as listed in SI # 8 (b)) and will make efforts to spend the unspent amount of ₹ 33,383,488/- in FY 2021. This unspent amount ₹ 33,383,488/- has been already transferred/will be transferred to the dedicated CSR Bank account. The implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

For and on behalf of Board of Directors

For **ABB Power Products and Systems India Limited**

Venu Nuguri
Managing Director and Chief Executive Officer
(DIN:07032076)

Akila Krishnakumar
Chairperson – CSR Committee
(DIN:06629992)

Bengaluru
February 26, 2021

Annexure - E to Boards' Report

FORM AOC-2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014).

Details of contract entered into with related parties during financial year 2020.

1. Details of contracts or arrangements or transactions not at arm's length basis:-

There were no contracts or arrangements or transactions entered into during the financial year ended December 31, 2020, which were not arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis:

a	Name(s) of the related party and nature of relationship	
b	Nature of contracts/arrangements/transactions	
c	Duration of the contracts/arrangements/transactions	Given below details of transactions entered into at arm's length but not in the ordinary course of business
d	Salient terms of the contracts or arrangements or transactions including the value, if any.	

Related Party Transactions (RPT) between ABB India Limited and ABB Power Products and Systems India Limited.

(Amount in ₹ crores)

Nature of RPT	Board meeting date	Duration in month	Total	Financial Years			
				2020	2021	2022	2023
Lease of own property - office	Feb 28, 2020	4	0.37	0.37	-	-	-
Guest house services	Feb 28, 2020	4	0.45	0.45	-	-	-
Maneja lease & power services agreement	June 26, 2020	6	6.88	6.88	-	-	-
Peenya lease & power services agreement	June 26, 2020	6	1.32	1.32	-	-	-
Faridabad lease agreement	June 26, 2020	6	0.56	0.56	-	-	-
Treasury services	June 26, 2020	6	0.60	0.60	-	-	-
IS services	August 12, 2020	36	56.28	9.38	18.76	18.76	9.38
Treasury services	August 12, 2020	3	0.05	0.05	-	-	-
Joint protocol agreement	August 12, 2020	7	-	-	-	-	-
Transfer of IT assets	June 26, 2020	NA	0.85	0.85	-	-	-
Transfer of Microgrid	June 26, 2020	NA	3.35	3.35	-	-	-
Purchase of used furniture	August 12, 2020	NA	2.30	2.30	-	-	-
Total			73.01	26.11	18.76	18.76	9.38

Related Party Transactions between ABB Power Products and Systems India Limited and ABB India Limited.

(Amount in ₹ crores)

Nature of RPT	Board meeting date	Duration in month	Total	Financial Years
				2020
Maneja lease agreement	June 26, 2020	6	0.49	0.49
Total			0.49	0.49

Related Party Transactions (RPT) between ABB Global Industries and Services Private Limited and ABB Power Products and Systems India Limited.

(Amount in ₹ crores)

Nature of RPT	Board meeting date	Duration in Months	Financial Years				
			Total	FY 20	FY 21	FY 22	FY 23
IS services	August 12, 2020	36	24.90	4.15	8.30	8.30	4.15
Total		-	24.90	4.15	8.30	8.30	4.15

Related Party Transactions (RPT) between ABB Information Systems Ltd., Zurich, Switzerland and ABB Power Products and Systems India Limited

(Amount in ₹ crores)

Nature of RPT	Board meeting date	Duration in Months	Financial Years				
			Total	FY 20	FY 21	FY 22	FY 23
IS services (Applications)	August 12, 2020	36	71.10	11.85	23.70	23.70	11.85
IS services (AMEX)	August 12, 2020	9	0.05	0.03	0.02	-	-
Total		-	71.15	11.88	23.72	23.70	11.85

Related Party Transactions (RPT) between ABB PG Power Grids Ltd and ABB Power Products and Systems India Limited

(Amount in ₹ crores)

Nature of RPT	Board meeting date	Duration in Months	Financial Years				
			Total	FY 20	FY 21	FY 22	FY 23
IS services	August 12, 2020	42	158.31	21.08	44.27	46.48	46.48
Total		42	158.31	21.08	44.27	46.48	46.48

Related Party Transactions (RPT) between ABB Switzerland Ltd. and ABB Power Products and Systems India Limited

(Amount in ₹ crores)

Nature of RPT	Date of board meeting	Financial year	
			FY 2020
Reimbursement of expense relating to open offer	November 10, 2020		0.19
Total			0.19
e	Date(s) of approval by the Board, if any:	Dates are provided above against the respective agreements	
f	Amount paid as advances, if any:	NIL	

Note:

The related party transactions with ABB India Limited and other related parties which are not in the "ordinary course of business", were necessitated consequent to Demerger of Power Grids Business during the year 2019/2020.

For and on behalf of Board of Directors
For **ABB Power Products and Systems India Limited**

Achim Michael Braun
Chairman
DIN: 08596097

Bengaluru
February 26, 2021

Annexure - G to Boards' Report

Report on Corporate Governance

1. Company's Philosophy on Code of Governance

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 is providing 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 stake holders. The Company is committed to transparency in all its dealings and places emphasis on business ethics.

2. Board of Directors

The Board of Directors consists of 6 Directors viz., three Independent and three Non-Independent, out of which two Independent Directors are women Directors. Out of the three Non-Independent Directors, one is a Managing Director, and 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.

Except the Managing Director and Independent Directors, remaining two Non-Executive Directors are liable to retire by rotation. In the ensuing Annual General Meeting, two Non-Executive and Non-Independent Director are being proposed for regularization of their appointment. Both of them were appointed wef February 25, 2021 and are nominees of Promoter group. There is no relationship between the Directors inter-se during the period under review, other than payment of sitting fees, and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company. Mr. Mukesh Butani, Ms. Akila Krishnakumar and Ms. Nishi Vasudeva, Independent Directors have been appointed for a period of three years, w.e.f. December 24, 2019 and upto December 23, 2022.

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

Name of the Director	Category ⁽¹⁾	Attendance			Directorship in other public companies ⁽²⁾		Committee membership/ Chairmanship in Public Companies ⁽³⁾	
		Kind of Directorship	Board Meetings held during 2020	Board Meetings Attended	Last AGM attendance	Chairman	Director	Member
Mr. Frank Duggan (Chairman) ^a	NED		5	Yes	0	0	0	0
Mr. Venu Nuguri ^b	Managing Director and Chief Executive Officer		5	Yes	0	0	2	0
Mr. Sanjeev Sharma ^c	NED	5	4	Yes	0	1	1	0
Mr. Mukesh Butani ^d	NED (I)		5	Yes	0	0	2	1
Ms. Akila Krishnakumar ^e	NED (I)		5	Yes	0	4	6	2
Ms. Nishi Vasudeva ^f	NED (I)		5	Yes	0	5	8	2

¹⁾ Category : NED - Non - Executive Director, MD - Managing Director, NED (I) - Non - Executive Director and Independent.

²⁾ Includes directorships in public limited companies, whether listed or not and excludes directorships in and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013. None of the Directors of the Company hold Independent Directorships in more than 7 listed companies.

³⁾ No director shall hold office as a director in more than 10 public companies. No director of the Company shall serve on more than 10 committees or can act as chairman of more than five committees across all Indian public limited companies in which he / she is a Director. For the purpose of this limitation, membership and chairmanship of the Audit committee and Stakeholders Relationship committee are only considered including that of ABB Power Products and Systems India Limited. No Independent Director shall serve as Independent Director in more than seven listed companies or three listed companies in case he / she is a whole-time director in any listed company.

- ^A Appointed as Director and Chairman of the Board w.e.f. December 24, 2019 and resigned w.e.f. February 25, 2021.
- ^B Appointed as Director and Managing Director w.e.f. December 2, 2019.
- ^C Appointed as Director w.e.f. February 19, 2019 and resigned w.e.f. February 25, 2021.
- ^{D,E} and ^F Appointed as Independent Director w.e.f. December 24, 2019.

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

- ii) None of the directors are related to each other within the meaning of the term “Relative” as per Section 2(77) of the Companies Act, 2013.
- iii) No. of Board Meetings held in the financial year 2020 and dates on which held.
- The Board has held 5 meetings during the financial year 2020 i.e., on February 28, 2020, April 30, 2020, June 26, 2020, August 12, 2020 and November 10, 2020.
- iv) None of the Directors hold equity shares or convertible instruments in the Company.
- v) The Independent Directors, who are from diverse fields of expertise and have long standing experience and expert knowledge in their respective fields are very relevant as well as of considerable value for the Company’s business.
- As the Board was re-constituted on December 24, 2019, the familiarization programme was organised in FY 2020 and details are available on the website at : <https://www.hitachiabb-powergrids.com/in/en/investor-relations/board-of-directors>
- vi) A letter of appointment encompassing the terms and conditions of appointment, roles, duties and liabilities have been issued to the Independent Directors. The terms and conditions of appointment of the Independent Directors are disclosed in the Company’s website at : <https://www.hitachiabb-powergrids.com/in/en/investor-relations/board-of-directors>
- vii) During the financial year, a separate meeting of the Independent Directors was held on December 14, 2020.
- viii) The periodical review by Board of Statutory reports was carried out. During the financial year the Board periodically reviewed the compliance reports that were submitted by the management in respect of all laws applicable to the Company.
- ix) Subsequent to the transfer of 75 percent equity shares on February 05, 2021 from ABB Asea Brown Boveri Limited to ABB Ltd., to Hitachi ABB Power Grids Ltd., the Board of Directors was reconstituted w.e.f. February 25, 2021. Mr. Frank Duggan, Chairman and Director and Mr. Sanjeev Sharma, Director resigned w.e.f. February 25, 2021. Mr. Achim Michael Braun and Mr. Ismo Antero Haka were appointed as Chairman and Director and Director respectively. All the committees of the Company except Audit committee were reconstituted w.e.f. February 26, 2021.
- x) 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.

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:

- Over sight 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, Secretarial 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 Whole time 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 there on;
- 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 function 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, good will 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 previous AGM (1st AGM held on August 13, 2020).

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

The Audit Committee presently consists of three Independent Directors and one Executive Director (Managing Director). The Committee was constituted on December 24, 2019 and had 5 meetings during the financial year on February 27, 2020, April 30, 2020, June 26, 2020, August 12, 2020 and November 10, 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. Mukesh Butani (Chairman) (Independent Director)	5
Ms. Akila Krishnakumar (Independent Director)	5
Ms. Nishi Vasudeva (Independent Director)	5
Mr. Venu Nuguri	5

Mr. Poovanna Ammatanda, General Counsel, Company Secretary and Compliance Officer 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 has been approved by Board of Directors on December 24, 2019 and by Nomination and Remuneration Committee in the meeting held on February 27, 2020.

The terms and conditions of appointment are disclosed in the website of the Company at <https://www.hitachiabb-powergrids.com/in/en/investor-relations/board-of-directors>

ii) Composition, name of members & Chairperson, meetings held during the financial 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 was constituted on December 24, 2019 and 2 meetings were held during the financial year under review on February 27, 2020 and December 14, 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
Ms. Akila Krishnakumar (Chairperson) (Independent Director)	2
Ms. Nishi Vasudeva (Independent Director)	2
Mr. Frank Duggan (Non-Executive and Non-Independent)	2

The committee has been reconstituted on February 26, 2021 consequent to the resignation of Mr. Frank Duggan and appointment of Mr. Achim Michael Braun.

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, track record of the individuals, effective participation in the meetings, comparable industry standards and performance of the Company. 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 of Directors based on the recommendation of the Nomination and Remuneration Committee has adopted the performance review criteria. Subsequent to the close of the year under review, the Nomination and Remuneration Committee and the Board of Directors have reviewed the performance of Directors.

The Non-Executive Independent Directors are compensated by way of commission for FY 2020 in FY 2021 and the criteria being their attendance in the Board / Committee Meetings, apart from sitting fees and reimbursement of other expenses.

As per 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 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 the beginning of the year.

5. Details of remuneration to all the Directors paid during the financial year 2020

(Amount in ₹ lakhs)

Name	Sitting Fees**	Salary & Perquisites	Commission ***	Stock Option	Pension
Mr. Frank Duggan (Chairman) ^A	-	-	-	-	-
Mr. Venu Nuguri ^B	-	291.10* [@]	-	-	-
Mr. Sanjeev Sharma ^C	-	-	-	-	-
Mr. Mukesh Butani ^D	2.70	-	39.00	-	-
Ms. Akila Krishnakumar ^E	3.10	-	34.00	-	-
Ms. Nishi Vasudeva ^F	2.90	-	37.00	-	-

*Includes performance bonus for FY 2019

[@] The Board of Directors at their meeting held on February 08, 2021 based on the recommendation of the Nomination and Remuneration Committee has approved an increase in remuneration of ₹ 49,52,838 per annum of Mr. Venu, Managing Director and Chief Executive Officer w.e.f. March 01, 2020. The increase that was due was not effected in the past given the COVID-19 situation. The same will be paid during financial year 2021.

** Sitting fees for Board and committee meetings held in FY 2020 paid in FY 2020 or in FY 2021

*** Commission payable for FY 2020 and will be paid in FY 2021

^A Appointed as Director and Chairman of the Board w.e.f. December 24, 2019

^B Appointed as Director and Managing Director w.e.f. December 2, 2019

^C Appointed as Director w.e.f. February 19, 2019

^{D, E and F} Appointed as Independent Director w.e.f. December 24, 2019

Commission to Independent Directors : Effective FY 2020.

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

The above commission payable to Independent Directors of the Company however shall not exceed in the aggregate 1 percent per annum of the net profits of the Company computed in the manner laid down in the Act.

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. Venu Nuguri, Managing Director and Chief Executive Officer, 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.

Stock Option

The Company does not have stock option scheme therefore the same is not applicable. No Director holds any Equity shares of the Company. None of the Non-Executive Directors have any pecuniary relationship or transactions with the Company.

Performance Evaluation of Directors

The performance Evaluation of Directors as required under the Companies Act, 2013 and SEBI LODR for FY 2020 was undertaken during FY 2021.

6. Stakeholders Relationship Committee

The said Committee has been authorized to approve the transfer / transmission / transposition / demat / remat of shares/ deletion of name and issue of duplicate share certificates and taking note of Members' grievances.

Following are the terms of reference of the Stakeholders Relationship Committee:

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new / duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.

The Stakeholders Relationship Committee shall discharge such other role / function as prescribed by the Board of Directors and / or envisaged under Regulation 20 read with Part D of Schedule II of the Listing Regulations and the provisions of Section 178 of the Act.

In order to expedite the process, the Board of Directors has also delegated the authority to the Company Secretary to approve the transfer / transmission / transposition of shares / remat / demat / deletion of name, issue of duplicate shares requests as and when required from time to time.

3 meetings were held during this financial year on February 27, 2020, August 12, 2020 and November 10, 2020.

The Committee is chaired by Ms. Nishi Vasudeva – Independent Director. Mr. Poovanna Ammatanda, Company Secretary and Compliance Officer 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
Ms. Nishi Vasudeva (Chairperson) (Independent Director)	3
Mr. Mukesh Butani (Independent Director)	3
Mr. Venu Nuguri (Managing Director and Chief Executive Officer)	3

Mr. Ismo Antero Haka, Director has been inducted into the Committee as Member w.e.f. February 26, 2021 consequent to the reconstitution of the Board.

There were no investor queries / investor grievances pending during the year under review. 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
436	436	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. The Board of Directors has adopted the policy in Board meeting held on December 24, 2019. The Risk Management committee has taken note of the policy in the meeting held on February 27, 2020.

During the financial year, one meeting was held on February 27, 2020.

The Committee is chaired by Mr. Mukesh Butani – Independent Director. Mr. Poovanna Ammatanda, Company Secretary is the Secretary to the Risk Management Committee.

The composition of the Risk Management Committee as on December 31, 2020 was as follows:

Members of the Committee	No. of meetings attended
Mr. Mukesh Butani (Independent Director)	1
Ms. Nishi Vasudeva (Independent Director)	1
Mr. Frank Duggan (Non-Executive and Non-Independent Director)*	1
Mr. Venu Nuguri (Managing Director and Chief Executive Officer)	1
Mr. Ajay Singh (Chief Financial Officer)	1

*The Risk Management Committee was re-constituted by the Board of Directors at its meeting held on February 26, 2021 by inducting Mr. Achim Michael Braun in place of Mr. Frank Duggan as member of the Committee consequent to the change in Board of Directors.

8. Corporate Social Responsibility Committee

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

During the financial year, 4 meetings were held on February 27, 2020, April 30, 2020, August 12, 2020 and November 10, 2020

The Committee is chaired by Ms. Akila Krishnakumar - 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
Ms. Akila Krishnakumar (Chairperson) (Independent Director)	4
Mr. Sanjeev Sharma*	4
Mr. Venu Nuguri	4

* The Committee was re-constituted by the Board of Directors at its meeting held on February 26, 2021 by inducting Mr. Achim Michael Braun in place of Mr. Sanjeev Sharma as member of the Committee consequent to the change in Board of Directors.

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

- **Promote gender equality and empowering of women in engineering work force**
To promote gender equality by ensuring initiatives to empower / advancement of women and in the engineering work force, thereby increasing diversity and inclusion.
- **Endorse education, employability & health care**
To create necessary infrastructure and resources to enable promotion of primary education among children and impart vocational skills training to the youth, promoting health care including preventive health care.
- **Social impact projects**
To collaborate with communities to provide innovative off-grid solutions to improve access to electricity in the country, especially in rural areas for its development.
- **Support national disaster management and other government initiatives**
To actively support national disaster management including relief, rehabilitation and reconstruction activities and support in other initiatives for promoting, including preventive measures for health care systems, hygiene and sanitation.
- **Aid in sustainable development goals**
To promote an ecosystem for sustainable development goals by encouraging usage of indigenous, innovative and sustainable solutions by aiding, development, promoting, facilitating and undertaking testing of new frontiers of science, technology, engineering, and environment in partnership with like-minded institutions, incubators and sponsors.
The CSR policy was revised at the meeting of the Board of Directors held on April 30, 2020 and November 10, 2020.

The Company's CSR policy may be viewed in the Company's website at :

<https://www.hitachiabb-powergrids.com/in/en/investor-relations/corporate-governance-policies>

Further details on CSR expenditure and projects are provided in the Annexure to Directors Report.

9. Subsidiary Company

The Company did not have any subsidiary during the period under review.

Policy for material subsidiary:

The policy for material subsidiary can be viewed at: <https://www.hitachiabb-powergrids.com/in/en/investor-relations/corporate-governance-policies>

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. Venu Nuguri, Managing Director and Chief Executive Officer and Mr. Ajay Singh, Chief Financial Officer. The said certificate is annexed as Annexure 1 to this report.

11. General Body Meetings

a. General Meeting

Since the Company was incorporated only on February 19, 2019, the details of first AGM held last year is as follows:

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

For the Year	Venue	Day & Date	Time
2019	VC and OAVM and Regd office	Thursday, August 13, 2020	11:00 am
2018	NA	NA	NA
2017	NA	NA	NA

ii) Extraordinary General Meeting

No extraordinary general meeting was held during the financial year under review.

iii) Special Resolution passed in the previous three Annual General Meetings

No special resolution was passed in the last AGM. The Company was incorporated on February 19, 2019 and during last year first Annual General Meeting of the Company was held.

b. Postal Ballot

During the financial year ended December 31, 2020, the Company has conducted one Postal ballot from May 12, 2020 to June 10, 2020 vide notice of Postal ballot dated April 30, 2020 to seek approval of Members for following Special businesses (through ordinary resolution):

Appointment of Mr. Frank Duggan (DIN: 02937233) as a Director
 Appointment of Mr. Mukesh Hari Butani (DIN: 01452839) as an Independent Director
 Appointment of Ms. Akila Krishnakumar (DIN: 06629992) as an Independent Director
 Appointment of Ms. Nishi Vasudeva (DIN: 03016991) as an Independent Director
 Appointment of Mr. Venu Nuguri (DIN:07032076) as a Director
 Appointment of Mr. Venu Nuguri (DIN: 07032076) as Managing Director
 Commission to the Non-Executive Independent Directors of the Company
 Ratification of remuneration to the Cost Auditor of the Company for Financial period 2019
 Approval of remuneration to the Cost Auditor of the Company for financial year 2020

Mr. S Kannan, (Membership No. FCS 6261 / CP No. PCS 13016), Practicing Company Secretary was appointed as the Scrutinizer for conducting the Postal Ballot through remote e-voting process in a fair and transparent manner and he submitted his report dated June 11, 2020 on June 11, 2020. The dispatch of Notices and accompanying documents were completed on May 9, 2020 to all Members appearing in the records of the Company as on May 8, 2020 (cut-off date).

Result of the postal ballot exercise was as follows:

Res. No.	Resolution	E-VOTING		Result
		For	Against	
1	Appointment of Mr. Frank Duggan (DIN: 02937233) as a Director	35,297,790	11,947	Passed with requisite majority
2	Appointment of Mr. Mukesh Hari Butani (DIN: 01452839) as an Independent Director	35,309,222	484	Passed with requisite majority
3	Appointment of Ms. Akila Krishnakumar (DIN: 06629992) as an Independent Director	35,309,223	483	Passed with requisite majority
4	Appointment of Ms. Nishi Vasudeva (DIN: 03016991) as an Independent Director	35,309,222	484	Passed with requisite majority
5	Appointment of Mr. Venu Nuguri (DIN: 07032076) as a Director	35,158,852	150,885	Passed with requisite majority
6	Appointment of Mr. Venu Nuguri (DIN:07032076) as Managing Director	35,267,955	41,782	Passed with requisite majority
7	Commission to the Non-Executive Independent Directors of the Company	34,336,607	895,723	Passed with requisite majority
8	Ratification of remuneration to the Cost Auditor of the Company for Financial period 2019	35,309,522	190	Passed with requisite majority
9	Approval of remuneration to the Cost Auditor of the Company for Financial year 2020	35,309,531	191	Passed with requisite majority

i. Whether any special resolution is proposed to be conducted through postal ballot: Approval, if any required through, Postal Ballot during the financial year 2021 will be conducted in accordance with applicable law.

Procedure for postal ballot: e-voting through the postal ballot was conducted in accordance with the provisions contained in Section 110 and other applicable provisions, if any, of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration) Rules, 2014. The shareholders were provided the facility to vote through e-voting. The postal ballot notice was sent to shareholders in electronic form to the email addresses, where available. The Company was not required to send physical copy of postal ballot notice due to circulars issued by the Ministry of Corporate Affairs, Government of India (the "MCA") vide General Circular No. 14/2020 dated April 8, 2020 read with General Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs, Government of India (the "MCA Circulars"), pertaining to COVID-19 pandemic. The Company also published a notice in the newspapers in accordance with the requirements under the Companies Act, 2013

12. Disclosures

- i) Disclosures on materially significant related party transactions.

There was no materially significant related party transaction during the financial 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 Boards' 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.

Policy on dealing with Related Party Transactions can be viewed in the Company's website. Link for the same is: <https://www.hitachiabb-powergrids.com/in/en/investor-relations/corporate-governance-policies>

- 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.

The Company was incorporated on February 19, 2019. Listing approval was secured and the equity shares of the Company was listed on BSE Limited and National Stock Exchange of India Limited w.e.f. March 30, 2020. During financial year 2020 no 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 behaviour, actual or suspected fraud or violation of the Code of Conduct/ Business Ethics, leak of Unpublished Price Sensitive Information (UPSI) and related matters. No personnel have been denied access to the Chairman of the Audit Committee, for making complaint on any Integrity issue. The Whistle Blower Policy can be viewed in the Company's website at <https://www.hitachiabb-powergrids.com/in/en/investor-relations/corporate-governance-policies>

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

During the financial year 2020 the Company has fully complied with the mandatory requirements as stipulated in Listing Regulations.

The Company has adopted item E as provided in Part E of Schedule II to the Listing Regulations which is a discretionary requirement.

13. Means of Communication

Quarterly Financial Results / Official News Releases

The quarterly / half-yearly / annual financial results are published in Newspaper or released on official news releases as may be required under the Listing Regulations and placing on the Company's website at: <https://www.hitachiabb-powergrids.com/in/en>

The Company has a dedicated e-mail ID : in-investorhelpdesk_appsll@hitachi-powergrids.com for providing necessary information / assistance to the investors.

In addition to the above, after announcement of results, the Company holds conference call with investors / analysts. The transcript of the said conference call if any, is uploaded on the Company's website at: <https://www.hitachiabb-powergrids.com/in/en>

14. General Shareholder Information

- i) Annual General Meeting Day, Date, Time and Venue:- Day: Thursday, Date: May 27, 2021, Time: 11:00 am
Venue: Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”) including remote e-voting process.

Agenda proposed for 2nd Annual General Meeting:

Item No.1 – Adoption of Financial Statements and Reports of the Board of Directors and the Auditors thereon.

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 Account for the financial year ended December 31, 2020, (iii) the Cash Flow Statement for the financial year ended December 31, 2020, (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 Board of Directors and the Auditors thereon.

Item No.2 – Declaration of dividend.

Item No.3 – Appointment of Mr. Achim Michael Braun (DIN: 08596097) as a Director.

Item No.4 – Appointment of Mr. Ismo Antero Haka (DIN: 08598862) as a Director.

Item No.5 – Approval of remuneration to the Cost Auditor of the Company for Financial period from January 01, 2021 to March 31, 2022.

Item No.6 – To borrow money in excess of prescribed limit as per Companies Act 2013.

- ii) Profile of Director seeking re-appointment.

The profile of Directors seeking regularization / appointment at the 2nd Annual General Meeting is given in the annexure to the Notice convening the second Annual General Meeting. Said Directors are not related to any other Director on the Board of the Company. Mr. Achim Michael Braun and Mr. Ismo Antero Haka are nominees of promoters viz., Hitachi ABB Power Grids Ltd. Mr. Ismo Antero Haka and Mr. Achim Michael Braun are currently Chief Financial Officer and Head of HR for Power Grids group globally respectively.

- iii) Financial Year

Company’s financial year is January - December. The Board of Directors at their meeting held on February 26, 2021 have approved the change of financial year from existing January-December to April-March and that the current financial year will be from January 01, 2021-March 31, 2022 (15 months) and subsequent all financial years from April-March (12 months) thereafter, due to the transfer of shares held by promoters-ABB Asea Brown Boveri Ltd. to ABB Ltd and from ABB Ltd to Hitachi ABB Power Grids Ltd. and given that the financial year of Hitachi ABB Power Grids Ltd., is April - March.

The Indicative calendar of events for the financial year 2021 (January 01, 2021 to March 31, 2022) is as follows:

Fourth Quarter Financial Results (Year 2020)	February 25, 2021 and February 26, 2021
Convening of 2nd AGM	May 27, 2021
First Quarter financial results	May, 2021
Second Quarter financial results	July, 2021
Third Quarter financial results	October, 2021
Fourth quarter financial results	February, 2022

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 would be 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 Annual General Meeting from May 21, 2021 to May 27, 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 May 31, 2021, to those Members whose names appear on the Company’s Register of Members as on May 20, 2021.

vi) Listing on Stock Exchanges

The Company has received listing approval from BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") and 4,23,81,675 equity shares of the Company have been listed and trading commenced w.e.f. March 30, 2020 on BSE & NSE.

It may be noted that pursuant to Scheme of Arrangement (Demerger), the Equity shares in demat form were automatically credited into Unclaimed shares account and Investors Education and Protection Fund Account and the voting rights thereon have been frozen till the shares are claimed by the rightful owners.

Details are given below:

Shares credited to IEPF account : 1,07,421 Equity shares were allotted on December 24, 2019.

Shares credited to Unclaimed Suspense account on December 24, 2019:

Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year.	799 Equity shares-6 shareholders
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.	799 Equity shares-6 shareholders

vii) Stock Code Equity Shares: NSE

POWERINDIA
BSE 543187
ISIN INE07Y701011

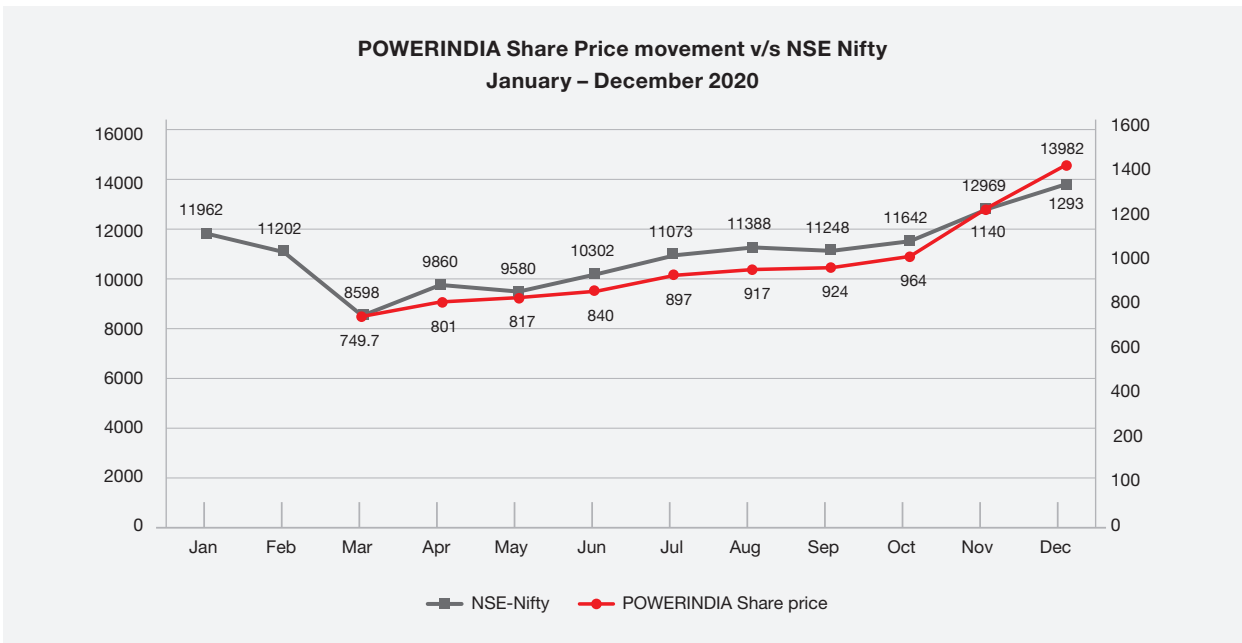
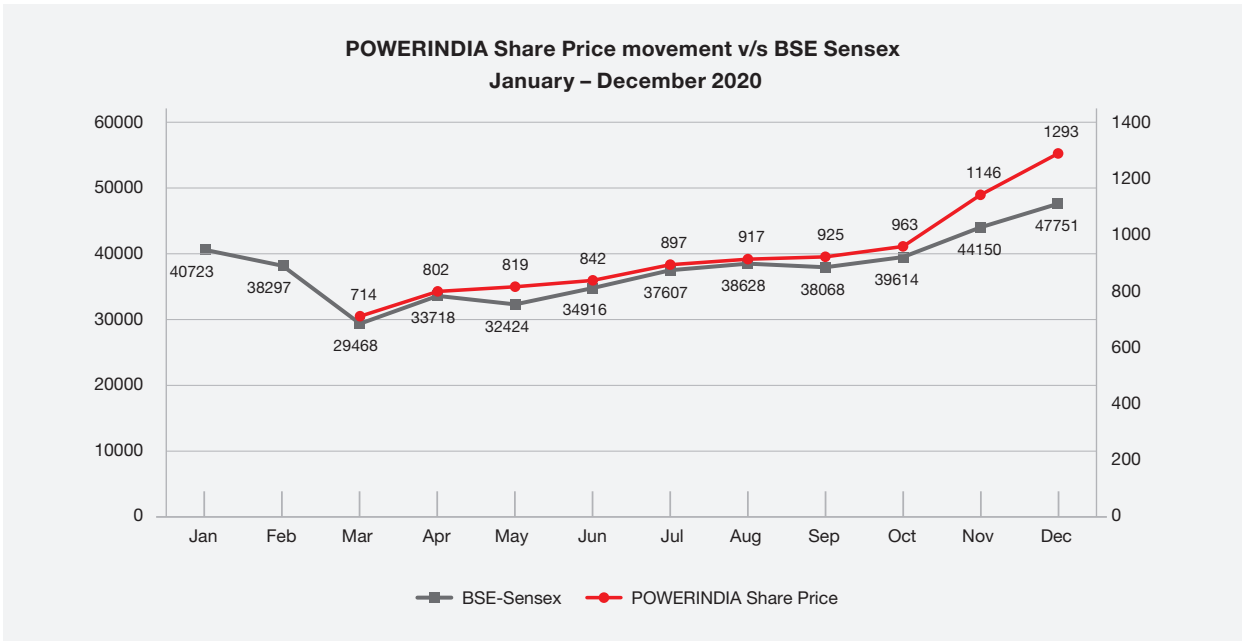
viii) Market Price Data

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

Year 2020	APPSIL - BSE - ₹		BSE - SENSEX		APPSIL - NSE - ₹		NSE - NIFTY	
	High	Low	High	Low	High	Low	High	Low
January*	Not applicable	Not applicable	42,274	40477	Not applicable	Not applicable	12,431	11,930
February*	Not applicable	Not applicable	41,709	38,220	Not applicable	Not applicable	12,247	11,175
March*	750	714	39,083	25,639	750	680	11,433	7,511
April	830	780	33,887	27,501	818	781	9,889	8,056
May	851	790	32,845	29,968	833	789	9,599	8,807
June	858	815	35,707	32,348	858	817	10,553	9,544
July	926	837	38,617	34,927	925	837	11,341	10,300
August	1,100	861	40,010	36,911	1,100	866	11,794	10,882
September	980	879	39,360	36,496	975	892	11,618	10,790
October	1,020	896	41,048	38,410	1,020	896	12,025	11,347
November	1,173	906	44,825	39,335	1,180	905	13,146	11,557
December	1,400	11,50	47,897	44,118	1,400	1,146	14,025	12,963

*The Company's shares were listed w.e.f. March 30, 2020.

ix) Performance in comparison to broad-based indices such as BSE Sensex and NSE Nifty:



x) Registrar and Share Transfer Agents

KFin Technologies Private Limited (Unit: ABB Power Products and Systems India Limited)
 Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Gachibowli, Serilingampally Mandal,
 Hyderabad – 500 032, Telangana.
 Phone No. +91 40 6716 2222, Fax No. +91 40 2342 0814
 e-mail: einward.ris@kfintech.com
 Website: www.kfintech.com

xi) Share Transfer System

As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. Hence, the Members holding shares in physical form are requested to consider converting their holdings in the dematerialized form. The Members who are desirous to convert their physical holdings into

dematerialized form, may contact the Depository Participant of their choice. The request for transmission, 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 to the Company Secretary to approve transmission, transposition of shares, etc and accordingly, the General Counsel and Company Secretary approved the transmission, transposition of shares, etc requests. The details of such approvals is placed before the Committee for its noting. It may be noted that in the Board meeting held on February 26, 2021 the Board has accorded approval for jointly authorising any two of Managing Director, Chief Financial Officer and General Counsel and Company Secretary to approve the request that may be received by the Company or by the RTA pertaining to share transfer, transmission and transposition of shares, issue of duplicate shares, deletion of name, etc on fortnight basis and to place the report for noting before Stakeholders Relationship committee and Board of Directors on quarterly basis.

xii) Shareholding Pattern.

Shareholders		As on December 31, 2020		As on December 31, 2019	
SI No.	Description	Total Shares	% Equity	Total Shares	% Equity
1	Mutual Funds	719,834	1.70	2,716,841	6.41
2	Foreign Portfolio – Corp	2,020,913	4.77	1,442,173	3.40
3	Foreign Institutional Investors	NIL	0.00	2,200	0.01
4	Trusts	5,829	0.01	10,096	0.02
5	Alternative Investment Fund	630,500	1.49	174,261	0.41
6	Resident Individuals	4,168,153	9.83	2,815,249	6.64
7	Non Resident Indians	61,571	0.15	47,238	0.11
8	Clearing Members	16,135	0.04	4,763	0.01
9	Indian Financial Institutions	369	0.00	2,213,023	5.22
10	Banks	1,653	0.00	1,010	0.00
11	Qualified Institutional Buyer	2,179,226	5.14	631,509	1.49
12	Foreign Promoter Bodies Corporate - Promoter and Promoter group	31,786,435	75.00	31,786,256	75.00
13	Foreign Bank	NIL	0.00	643	0.00
14	Non-Resident Indian Non-Repatriable	86,245	0.20	72,986	0.17
15	Bodies Corporates	403,056	0.95	196,387	0.46
16	NBFC	10,237	0.02	75,718	0.18
17	Directors and their relatives	NIL	0.00	NIL	0.00
18	I E P F	107,421	0.25	107,421	0.25
19	H U F	183,309	0.43	83,760	0.20
20	Foreign Nationals	141	0.00	141	0.00
21	Foreign Portfolio Investors	648	0.00	NIL	0.00
Total:		42,381,675	100	42,381,675	100.00

Distribution of Shareholding as on December 31, 2020

Category	No. of Shareholders	No. of Shares held	% of equity capital
1 – 5,000	52,680	3,736,864	8.82
5,001 – 10,000	44	320,502	0.76
10,001 – 50,000	31	772,264	1.82
50,001 – 100,000	7	512,247	1.21
100,001 and above	11	37,039,798	87.40
Total	52,773	42,381,675	100

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 42,381,675 equity shares of the Company, 42,069,677 equity shares have been dematerialised representing 99.26 percent. Your Company confirms that the promoters' holdings were converted into electronic form and the same is in line with the circulars issued by SEBI except for ABB Switzerland Ltd,

Promoter group which acquired 179 Equity shares through open offer and out of 179 Equity shares, 1 Equity share was acquired in physical form and as on December 31, 2020 was still in physical form. 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) Your outstanding GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on equity.

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.

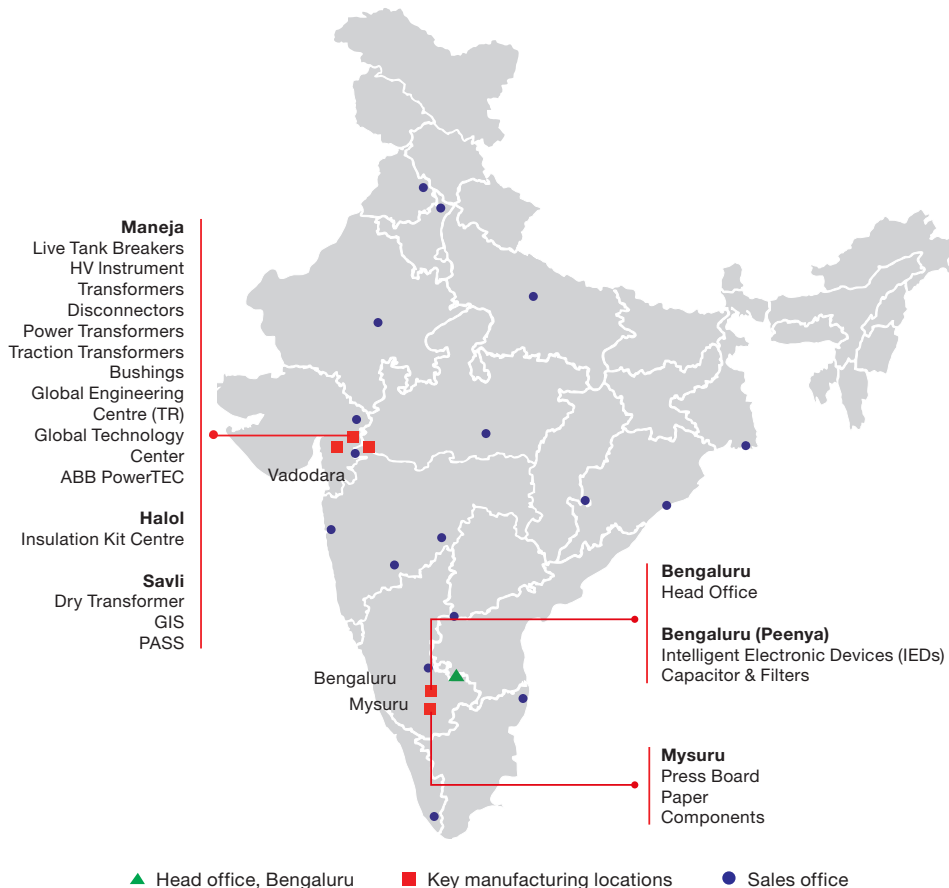
As required under Listing Regulations, the Company has in place a Code of Conduct applicable to the Board Members as well as the Senior Management Personnel and that the same has been hosted on the Company's website. All the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct, as on December 31, 2020. A certificate to that effect is annexed as Annexure 2.

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 w.e.f. February 28,2020 and which was revised on February 08, 2021.

As per the above Code, Mr. Poovanna Ammatanda is the Compliance Officer and Ms. Manashwi Banerjee, Communications - India & South Asia Power Grids 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.



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) to be used in manufacturing activities. Details of commodities exposure are provided below:

a) Total Exposure of the Company to commodities is ₹ 2,030,774,306/-

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	1,970,722,724	4001 MT	-	-	41%	-	41%
Aluminium	60,051,582	296 MT	-	-	16%	-	16%

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

The Company is a sizable user of various commodities 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) Address for correspondence*

ABB Power Products and Systems India Limited
8th Floor, Floor, Brigade Opus, 70/401,
Kodigehalli Main Road, Bengaluru - 560 092.
Phone No: 080 22041800

Corporate Secretarial e-mail ID: in-investorhelpdesk_appsil@hitachi-powergrids.com

Corporate Website: <https://www.hitachiabb-powergrids.com/in/en>

*The Registered Office of the Company has been shifted to this address w.e.f. March 16, 2020

xx) The Corporate Identity Number (CIN) of the Company is L31904KA2019PLC121597.

xxi) Compliance Officer.

Mr. Poovanna Ammatanda, Company Secretary is the Compliance Officer of the Company and Secretary to all the Committees of the Board.

xxii) Debenture Trustees-Not Applicable.

xxiii) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)-Not applicable.

xxiv) Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof - Not applicable.

xxv) Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm / network entity of which the statutory auditor is a part : During the financial year under review, the company was listed w.e.f. March 30, 2020 and the Company did not have any subsidiary. Based on the recommendation of Audit committee and Board of Directors, Shareholders had approved appointment of M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (Registration No. 101049W/E300004) as the Statutory Auditors of the Company commencing from the conclusion of 1st Annual General Meeting to hold such office for a period of 5 years till the conclusion of 6th Annual General Meeting at a remuneration of ₹ 12,500,000/- (Rupees One Crore and Twenty Five Lakhs only) for FY 2020 plus applicable taxes in connection with the statutory audit of the Company and related services.

The details of the payment made for FY 2020 is as follows:

	Amount in ₹ (in Crores)
Statutory audit fee (inclusive of out-of-pocket expenses)	0.48
Tax audit fee	0.27
Limited review fee	0.36
Group audit fee/one time certification fee	0.14

xxvi) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- a. number of complaints filed during the financial year : 1
- b. number of complaints disposed of during the financial year : 1
- c. number of complaints pending as on end of the financial year : NIL

xxvii) The disclosures of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 shall be made in the section on corporate governance of the annual report.: The Board hereby confirms that it has complied with all the corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) 2015.

xxviii) Disclosures with respect to demat suspense account / unclaimed suspense account -

Pursuant to Scheme of Arrangement, 799 Equity shares of ₹ 2/- each of ABB Power Products and Systems India Limited was credited into the demat account of Unclaimed suspense account on December 24, 2019. There was no change in the shareholding of Unclaimed suspense account during FY 2020.

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.

It may be noted that pursuant to Scheme of Arrangement (Demerger), the Equity shares in demat form were automatically credited into Unclaimed shares account and Investors Education and Protection Fund Account and the voting rights thereon have been frozen till the shares are claimed by the rightful owners.

Details are given below:

Shares credited to IEPF account: 107,421 Equity shares which were allotted on December 24, 2019

Share credited to Suspense account:

Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	799 Equity shares-6 shareholders
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.	799 Equity shares-6 shareholders

15. Discretionary Requirements

- The Auditors' opinion on the financial statements is qualified and the Directors have provided their response in the Directors Report
- Internal Auditor has been appointed and reports directly to the Audit Committee

16. Other requirements as stipulated in SEBI (Listing Obligations and Disclosure Requirements) 2015 and for Corporate Governance report:

i) Names of other listed entities in which person is director and category of directorship:

Sl no	Director name	Names of other listed entities in which person is director and category of directorship as on December 31, 2020
1	Mr. Frank Duggan	NIL
2	Mr. Venu Nuguri	NIL
3	Mr. Mukesh Butani	NIL (Dabur India Limited appointed as Independent Director w.e.f. January 1, 2021)

4	Ms. Akila Krishnakumar	Heidelbergcement India Limited (Independent Director) IndusInd Bank Limited(Independent Director) Matrimony.com Limited (Independent Director)
5	Ms. Nishi Vasudeva	L&T Infra Debt Fund Limited (Independent Director) L&T Finance Holdings Limited (Independent Director) HCL Technologies Limited (Independent Director)
6	Mr. Sanjeev Sharma	ABB India Limited (Managing Director)

Details of Directorship in other Public/Private companies:

Director name	Frank Duggan	Venu Nuguri	Sanjeev Sharma
Names of companies	NIL	ABB Power Technology Services Private Limited- Chairman and Director PT ABB Power Grids- Indonesia- Director	ABB Global Industries and Services Private Limited- Chairman and Managing Director ABB Substations Contracting India Private Limited-Director Swedish Chamber of Commerce India-Director Asea Brown Boveri Lanka (Private) Limited-Director
Director name	Mukesh Butani	Akila Krishnakumar	Nishi Vasudeva
Names of companies	BMR Business Solutions Private Limited- Director and Non-Executive Chairman International Tax Research and Analysis Foundation-Director Myytake Private Limited-Director- Director	Medwell Ventures Private Limited- Non-Independent Director and 0.6% shareholding Brookprop Management Services Private Limited-Independent Director Bharat Financial Inclusion Limited- Non-Independent Director	Atria Convergence Technologies Limited-Independent Director L&T Infrastructure Finance Company Limited - Independent Director

Details of Committeeship including other committees

Director name	Frank Duggan	Venu Nuguri	Sanjeev Sharma
Chairman / Member in the Committees of the Boards of other companies in which he is Director	NIL	1. Member of CSR Committee of ABB Power Technology Services Private Limited	1. Member of Stakeholder relationship committee of ABB India Limited 2. Member of Corporate Social Responsibility committee of ABB India Limited 3. Member of Risk Management committee of ABB India Limited 4. Member of Corporate Social Responsibility Committee of ABB Global Industries and Services Private Limited
Director name	Mukesh Butani	Akila Krishnakumar	Nishi Vasudeva
Chairman / Member in the Committees of the Boards of other companies in which he / she is Director	1. Member of Research Committee of International Tax Research and Analysis Foundation	1. Chairperson of Nomination and Remuneration committee of IndusInd Bank Ltd 2. Chairperson of Corporate Social Responsibility Committee of IndusInd Bank Ltd 3. Chairperson of Stakeholders Relationship Committee of IndusInd Bank Ltd 4. Member of Audit Committee of Heidelbergcement India Limited 5. Chairperson of Corporate Social Responsibility Committee of Heidelbergcement India Limited 6. Chairperson of Stakeholders Relationship committee of Heidelbergcement India Limited 7. Member of Nomination and Remuneration committee of Heidelbergcement India Limited 8. Member of Audit Committee of Matrimony.com Limited 9. Member of Nomination and Remuneration committee of Matrimony.com Limited 10. Member of Stakeholders Relationship Committee of Matrimony.com Limited	1. Member of Stakeholders Relationship Committee of L&T Finance Holdings Limited 2. Member of Corporate Social Responsibility Committee of L&T Finance Holdings Limited 3. Member of Audit Committee of HCL Technologies Limited 4. Chairperson of Stakeholders Relationship Committee of Atria Convergence Technologies Limited 5. Member of Audit Committee of Atria Convergence Technologies Limited 6. Member of Corporate Social Responsibility Committee of Atria Convergence Technologies Limited 7. Member of Audit Committee of L&T Infrastructure Finance Company Limited 8. Member of Nomination and Remuneration Committee of L&T Infrastructure Finance Company Limited 9. Member of Corporate Social Responsibility Committee of L&T Infrastructure Finance Company Limited 10. Member of Audit Committee of L&T Infra Debt Fund Limited 11. Member of Nomination and Remuneration Committee of L&T Infra Debt Fund Limited 12. Member of Corporate Social Responsibility Committee of L&T Infra Debt Fund Limited

- ii) The list of core skills / expertise / competencies identified by the board of directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board.

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. Frank Duggan (Chairman)	✓		
2	Mr. Venu Nuguri	✓	✓	✓
3	Mr. Sanjeev Sharma	✓		
4	Mr. Mukesh Butani	✓	✓	✓
5	Ms. Akila Krishnakumar	✓		✓
6	Ms. Nishi Vasudeva	✓		✓

- iii) Confirmation from Board regarding Independent Directors criteria;
The Board of Directors confirm that in their opinion, the Independent Directors fulfill the conditions specified under Companies Act 2013 and of SEBI (Listing Obligations and Disclosure Requirements) 2015 and are independent of the management.
- iv) 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 ended December 31, 2020 it had not obtained any credit rating for this purpose.

CRISIL has assigned its 'CRISIL AAA/Stable/CRISIL A1+' ratings to the bank facilities of the Company as follows

Rating Action w.e.f. January 4, 2021 :

Total Bank Loan Facilities Rated	₹ 5,000 Crore
Long Term Rating	CRISIL AAA / Stable (Assigned)
Short Term Rating	CRISIL A1+ (Assigned)

- v) Certificate from a company secretary in practice that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of company by the Board / Ministry of Corporate Affairs or any such statutory authority:

Enclosed as Annexure 3

17. Details of Other Committee meetings and membership

Listing Committee for Listing of Company:

During the financial year, two meetings were held on January 22, 2020 and March 19, 2020.

Mr. Poovanna Ammatanda, Company Secretary acted as the Secretary to the Listing Committee for listing of the Company.

The composition of the Listing Committee and attendance was as follows:

Members of the Committee	No. of meetings attended
Ms. Akila Krishnakumar (Independent Director)	2
Mr. Venu Nuguri (Managing Director and Chief Executive Officer)	2
Mr Sanjeev Sharma (Non-Executive and Non-Independent Director)	2

As the Listing process was completed in March 2020, no more meetings were required to be convened.

Committee of Independent Directors for Open offer:

During the financial year, two meetings were held on September 03, 2020 and September 05, 2020.

Mr. Poovanna Ammatanda, Company Secretary acted as the Secretary to the Committee of Independent Directors for open offer.

The composition of the Committee of Independent directors for Open offer and attendance was as follows:

Members of the Committee	No. of meetings attended
Mr. Mukesh Butani (Independent Director)	2
Ms. Akila Krishnakumar (Independent Director)	2
Ms. Nishi Vasudeva (Independent Director)	2

As the Open offer process was completed in September 2020, no more meetings were required to be convened.

Committee of Independent Directors for annual evaluation

During the financial year, one meeting was held on December 14, 2020.

Mr. Poovanna Ammatanda, Company Secretary acted as the Secretary to the Committee of Independent Directors for annual evaluation.

The composition of the Committee of Independent Directors and attendance was as follows:

Members of the Committee	No. of meetings attended
Mr. Mukesh Butani (Independent Director)	1
Ms. Akila Krishnakumar (Independent Director)	1
Ms. Nishi Vasudeva (Independent Director)	1

For and on behalf of Board of Directors
For **ABB Power Products and Systems India Limited**

Achim Michael Braun
Chairman
DIN: 08596097

Bengaluru
February 26, 2021

MD/CFO Certificate

Annexure 1

To,
The Board of Directors,
ABB Power Products and Systems India Limited.

We certify that;

- A. We have reviewed financial statements and the cash flow statement of ABB Power Products and Systems India Limited for the financial year ended December 31, 2020 and that to the best of our knowledge and belief:
1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, no transaction entered into by the Company during the period are fraudulent, illegal or violate the code of conduct of the Company.
- C. We accept responsibility for establishing and maintaining internal controls over financial reporting and that we have evaluated the effectiveness of internal control systems of the Company over financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls over financial reporting, if any, of which we are aware and the steps we have taken, propose to take, to rectify these deficiencies. In our opinion, there are adequate internal controls over financial reporting;
- D. We have indicated to the Auditors and the Audit Committee that there are:
1. No significant changes in internal control over financial reporting during the period;
 2. No significant changes in the accounting policies; and
 3. No instances of fraud of which we have become aware and the involvement there in, if any, of the management or an employee having a significant role in the Company's internal control systems over financial reporting.
- E. We affirm that we have not denied any personnel access to the Audit Committee of the Company and we have provided protection to whistle blowers from unfair termination and other unfair or prejudicial employment practices.

We further declare that all Board members and senior management personnel have affirmed compliance with the Code of Conduct and Ethics for the period covered by this report.

Bengaluru
February 26, 2021

Venu Nuguri
Managing Director and Chief Executive Officer
DIN:07032076

Ajay Singh
Chief Financial Officer

Annexure 2

Declaration by the Managing Director and Chief Executive Officer under Listing Regulations regarding compliance with Business Conduct Guidelines (Code of Conduct).

In accordance with the Listing Regulations, I hereby confirm that all the Directors and the Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct as applicable to them, for the financial year ended December 31, 2020.

For **ABB Power Products and Systems India Limited**

Bengaluru
February 26, 2021

Venu Nuguri
Managing Director and Chief Executive Officer
DIN: 07032076

Annexure 3

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of,
ABB POWER PRODUCTS AND SYSTEMS INDIA LIMITED,
8th Floor, Brigade Opus, 70/401,
Kodigehalli Main Road,
Bengaluru - 560092.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **ABB POWER PRODUCTS AND SYSTEMS INDIA LIMITED** having CIN: L31904KA2019PLC121597 and having registered office at 8th Floor, Brigade Opus, 70/401, Kodigehalli Main Road, Bengaluru - 560092 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ended on December 31, 2020 (i.e., from January 01, 2020 to December 31, 2020) have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Mr. Mukesh Hari Butani	01452839	24/12/2019
2	Mr. Frank Duggan	02937233	24/12/2019
3	Ms. Nishi Vasudeva	03016991	24/12/2019
4	Ms. Akila Krishnakumar	06629992	24/12/2019
5	Mr. Venu Nuguri	07032076	02/12/2019
6	Mr. Sanjeev Sharma	07362344	19/02/2019

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For V. Sreedharan & Associates

(Pradeep B. Kulkarni)
Partner
FCS 7260; CP No. 7835

Place: Bengaluru
Date: February 26, 2021
UDIN: F007260B003598331

Annexure - H to Boards' Report

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members of ABB POWER PRODUCTS AND SYSTEMS INDIA LIMITED.

Corporate Identity No. : L31904KA2019PLC121597
Nominal Capital : Rs. 10 Crores

We have examined all the relevant records of **ABB POWER PRODUCTS AND SYSTEMS INDIA LIMITED** for the purpose of certifying compliance of the conditions of the Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended December 31, 2020. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance.

This certificate neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In our opinion and to the best of our information and according to the explanations and information furnished to us, we certify that the Company has complied with all the mandatory conditions of Corporate Governance as stipulated in the said Regulations. As regards Discretionary Requirements specified in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has complied with item E.

For **V. Sreedharan & Associates**
Company Secretaries

(Pradeep B. Kulkarni)
Partner
F.C.S.7260; C.P.No.7835
UDIN: F007260B003597418

Place: Bengaluru
Date: February 26, 2021

Annexure - I to Boards' Report

FORM MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st DECEMBER, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014]

To,
The Members,
ABB Power Products and Systems India Limited.
CIN: L31904KA2019PLC121597
8th Floor, Brigade Opus, 70/401,
Kodigehalli Main Road, Bengaluru - 560092.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ABB Power Products and Systems India Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st December, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on 31st December 2020 according to the provisions of:

- i. The Companies Act, 2013 ('the Act') and the Rules made thereunder and the relevant provisions of The Companies Act, 1956;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- v. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
- vi. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

The Company has identified the following laws as specifically applicable to the Company:

1. Factories Act, 1948 & the Central Rules or concerned State Rules, made thereunder.
2. Boilers Act, 1923 & Rules made thereunder.
3. Electricity Act, 2003.
4. Indian Explosives Act, 1884.
5. Gas Cylinder Rules, 1981 (under Indian Explosives Act).
6. Static and Mobile Pressure Vessels (Unfired) Rules, 1981 (under Indian Explosives Act).
7. Environment (Protection) Act, 1986.
8. The Water (Prevention and Control of Pollution) Act, 1974 & Central Rules/concerned State Rules.
9. The Air (Prevention and Control of Pollution) Act, 1981 & Central Rules/concerned State Rules.
10. Hazardous Wastes (Management and Handling) Rules, 1989.
11. Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989.
12. The Contract Labour (Regulation and Abolition) Act, 1970 & its Central Rules/concerned State Rules.
13. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 & EPF, FPF Schemes.

14. The Employees' State Insurance Act, 1948 & its Central Rules/ concerned State Rules.
15. The Minimum Wages Act, 1948 & its Central Rules/ concerned State Rules/ Notification of Minimum Wages applicable to various class of industries/ Trade.
16. The Payment of Wages Act, 1936 & its Central Rules/ concerned State Rules if any.
17. The Payment of Bonus Act, 1965 & its Central Rules/ concerned State Rules if any.
18. The Payment of Gratuity Act & its Central Rules/ concerned State Rules if any.
19. The Maternity Benefit Act, 1961 & its Rules.
20. The Equal Remuneration Act, 1976.
21. The Industrial Employment (Standing Orders) Act, 1946 & its Rules.
22. The Apprentices Act, 1961 & its Rules.
23. The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959.
24. The Workmen's Compensation Act, 1923.
25. The Industrial Dispute Act, 1947.
26. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
27. The Information Technology Act, 2000.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI);
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the compositions of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines; and

We further report that the Hon'ble National Company Law Tribunal (NCLT), Bengaluru Bench had approved the Scheme of Arrangement (Demerger) between ABB India Limited and ABB Power Products and Systems India Limited vide its order dated November 27, 2019. In accordance with Para 5 of Part III (A) of Annexure I of the SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (as amended vide SEBI Circular dated January 03, 2018), the Company was required to complete the formalities for listing and trading of securities with BSE Limited and National Stock Exchange of India Limited within 60 days of receipt of the order of the Hon'ble NCLT. There has been a delay with the requirement thereby leading to non-compliance with SEBI circular dated March 10, 2017 and the same was notified by SEBI to the Company with a cc to BSE Limited. The Company replied by stating that the delay was inadvertent and Company made best efforts for meeting the timelines and that it assures to meet the prescribed timelines in future and remain in compliance with all applicable provisions of the SEBI Rules and Regulations.

We further report that the Company has received listing and trading approval from BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on March 25, 2020. The equity shares commenced trading on BSE and NSE from trading hours on March 30, 2020 and as such 42,381,675 equity shares of the Company have been listed on the exchange.

We further report that the promoters made a Public Announcement on March 29, 2020 according to the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. The open offer was made by ABB Switzerland Ltd ("Acquirer 1") for the acquisition of up to 10,595,419 fully paid up equity shares of the face value of INR 2 each, representing 25.00 percent of the Voting Share Capital of ABB Power Products and Systems India Limited ("Target Company") from all the Public Shareholders of the Target Company ("Open Offer" or "Offer"). The Open Offer was made along with Hitachi Ltd. ("Acquirer 2") and along with Acquirer 1, the "Acquirers", and Hitachi ABB Power Grids AG (previously named ABB Management Holding AG) ("PAC 1") and ABB Ltd ("PAC 2") and along with PAC 1 the "PACs" acting in their capacity as persons acting in concert with

the Acquirers ("Open Offer" or "Offer"). The aggregate number of shares accepted were 179 fully paid up equity shares at an offer price of INR 872.68 resulting into the size of the offer to INR 156,209.72. The Promoters shareholding as on 31st December, 2020 was 75.001 percent pursuant to the open offer of shares. The Promoter / Promoter Group will reduce their shareholding to achieve Minimum Public Shareholding within the time frame permitted as per the applicable laws.

As informed, the Company has responded to notices for demands, claims, penalties etc. levied by various statutory / regulatory authorities and initiated actions for corrective measures, wherever necessary.

For **BMP & Co. LLP**,
Company Secretaries

Pramod S M
Partner
FCS No: 7834
CP No: 13784

Place: Bengaluru
Date: 26th February, 2021
UDIN: F007834B003580007

This report to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

To,
The Members,
ABB Power Products and Systems India Limited
CIN: L31904KA2019PLC121597
8th Floor, Brigade Opus, 70/401,
Kodigehalli Main Road, Bengaluru - 560092.

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. We further report that, based on the information provided by the Company its officers, authorised representatives during the conduct of the audit and also on the review of quarterly compliance report by the respective departmental heads/Company Secretary/Managing Director taken on record by the Board of the Company, in our opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like labour laws & Environment laws and Data protection policy.
8. We further report that the Compliance by the Company of applicable Financial laws like Direct & Indirect tax laws has not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

For **BMP & Co. LLP**,
Company Secretaries

Pramod S M
Partner
FCS No: 7834
CP No: 13784

Place: Bengaluru
Date: 26th February, 2021
UDIN: F007834B003580007

Secretarial Compliance Report of ABB Power Products and Systems India Limited for the year ended December 31st, 2020

To,
The Board of Directors,
ABB Power Products and Systems India Limited,
CIN: L31904KA2019PLC121597
8th Floor, Brigade Opus, 70/401,
Kodigehalli Main Road, Bengaluru -560092.

We, BMP & Co. LLP, have examined:

- All the documents and records made available to us and explanation provided by ABB Power Products and Systems India Limited ("the listed entity"),
- The filings/ submissions made by the listed entity to the stock exchanges,
- Website of the listed entity,
- Any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended December 31st, 2020 ("Review Period") in respect of compliance with the provisions of:

- The Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- The Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/guidelines issued thereunder, have been examined, include:

- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; Not Applicable as the Company did not issue any security during the financial year under review.
- Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not Applicable as the Company did not buyback any of its securities during the financial year under review.
- Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; Not applicable as the Company did not issue any Employee Stock Option Scheme for its employees.
- Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not applicable as the Company has not issued any debt securities during the financial year under review.
- Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; Not Applicable as Company has not issued Preference shares during the year under review.
- Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; Not applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review; and
- Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and based on the above examination, we hereby report that, during the Review Period:

- The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

Sr. No.	Compliance Requirement (Regulations / circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
1	SEBI circular no. CFD/DIL3/ CIR/2017/21 dated March 10, 2017 (as amended vide SEBI Circular dated January 03, 2018)	The Company was required to complete the formalities for listing and trading of securities with BSE Limited and National Stock Exchange of India Limited within 60 days of receipt of the order of the Hon'ble NCLT. There was a delay thereby leading to non-compliance with SEBI circular dated March 10, 2017	The delay was inadvertent, and the Company had made best efforts towards meeting timelines. The Company has assured to meet the prescribed timelines in future and remain in compliance with all applicable provisions of the SEBI Rules and Regulations

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/guidelines issued thereunder insofar as it appears from my/our examination of those records.

(c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
NA	NA	NA	NA

(d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended. (The years are to be mentioned)	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
NA	NA	NA	NA

(e) The terms of appointment the Statutory Auditor are in line with 6(A) and 6(B) of SEBI Circular No. CIR/CFD/CMD1/114/2019 dated October 18, 2019.

For **BMP & Co. LLP,**
Company Secretaries

Place: Bengaluru
Date: 26th February, 2021
UDIN: F007834B003580139

Pramod S M
Partner
FCS No: 7834
CP No: 13784

**Advancing India's goal to make
Indian Railways a net-zero carbon
emitter by 2030 through rail
electrification**





Independent Auditors' Report

To the members of ABB Power Products and Systems India Limited.

Report on the Audit of the Ind AS financial statements.

Qualified opinion

We have audited the accompanying Ind AS financial statements of ABB Power Products and Systems India Limited ("the Company"), which comprise the Balance sheet as at December 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the 'Basis for Qualified Opinion' section of our report, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for qualified opinion

We draw attention to Note 38 (a) to the accompanying Ind AS financial statements regarding the Scheme of Arrangement ('Scheme') for demerger of the power grid business of ABB India Limited with the Company with an appointed date of April 01, 2019 and approved by the National Company Law Tribunal ('NCLT') vide its order dated November 27, 2019. As per the applicable accounting standard Ind AS 103, since this demerger was a common control business combination, the financial information necessitated restatement by the transferee at carrying amounts not from the appointed date but from the beginning of the preceding period in the financial statements which happens to be the date of incorporation i.e. February 19, 2019. Accordingly, the Company was required as per Ind AS 103 to give effect to the business combination from February 19, 2019 (date of its incorporation). However, the Company had recognized the impact of the business combination only from April 01, 2019 (i.e. the appointed date specified in the scheme) and has not restated and disclosed financial results for the period from February 19, 2019 to March 31, 2019, in the comparative period ended December 31, 2019. However, there is no impact of the same on the Company's Ind AS financial statements of the year ended

December 31, 2020. Our opinion on the current year's statement is qualified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

This matter was also qualified in the comparative period by the preceding auditor.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Ind AS financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Ind AS financial statements for the financial year ended December 31, 2020. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the 'Basis for Qualified Opinion' section we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matter described below to be the key audit matter to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<p>Revenue recognition for long term projects and contract estimates (as described in Note 37(a) of the Ind AS financial statements)</p>	<p>In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> • We assessed the revenue recognition accounting policies by comparing with applicable accounting standards. • We tested key controls (both design and operating effectiveness) with respect to revenue recognition and related cost estimations. • We carried out analytical procedures on revenue recognized during the year to identify unusual variances. • We performed substantive testing by selecting samples of revenue transactions, recorded during the year by testing the underlying documents using statistical sampling. • We evaluated management’s estimates (contract costs and risk provisions) by performing analytical procedures on such estimates. • We performed a retrospective review for contracts completed during the current year by comparing the final outcome of the contracts with previous estimates made for those contracts to assess the reliability of the management’s estimation process. • We performed tests for completeness and appropriateness of actual cost booked in the correct period, by testing the underlying documents for samples selected using statistical sampling. • We assessed the disclosures made in the Ind AS financial statements.
<p>A significant portion of the Company’s business comprises long-term fixed price projects. Revenue from these contracts is recognized in accordance with the principles laid down in Ind AS 115, Revenue from Contracts with Customers and as detailed in “significant accounting policies” of the Ind AS financial statements.</p> <p>In accordance with Ind AS 115, the Company classifies its various contracts with customers and determines whether revenue should be recognized at “point in time” or “over the time” basis.</p> <p>There are various areas involving complexities, judgements and estimates involved in accounting for revenue recognized on “over the time” basis, including:</p> <ul style="list-style-type: none"> • Estimation of total contract costs at inception and remaining costs to completion, which is a critical factor in measuring progress of a contract and amounts of revenue to be recognized; and • Assessment of various risks emanating from operational delays, contract terms, changes in estimations and scope, accounting for onerous obligations, technical, legal, external environment etc. This requires the Company to estimate various costs to capture such risks, including liquidated damages and warranties. <p>In view of the above and because the Company and its external stakeholders focus on revenue as a key performance indicator, we determined this area to be an area involving significant risk, an area of audit focus, and accordingly a key audit matter.</p>	
<p>Trade receivables, unbilled revenue and contract assets (as described in Note 37 (b) of the Ind AS financial statements)</p>	<p>In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> • We obtained an understanding of the processes implemented by management over the recognition and the recoverability of the trade receivables, unbilled revenue and contract assets. • We tested key controls (both design and operating effectiveness) over the recognition and the recoverability of the trade receivables, unbilled revenue and contract assets. • We obtained and tested the ageing of aforesaid receivables / assets on a sample basis. • We performed test of details and tested relevant contracts, documents and subsequent settlements for material trade receivable balances, unbilled revenue and amounts included in contract assets.

Key audit matters	How our audit addressed the key audit matter
<p>Trade receivables, unbilled revenue and contract assets (as described in Note 37 (b) of the Ind AS financial statements)</p> <p>Management makes an impairment allowance for trade receivables, unbilled revenue and contract assets on the basis of its assessment of recoverability of specific customers and on the basis of expected credit loss model for the remaining customers in accordance with Ind AS 109, financial instruments. For the purposes of impairment assessment, significant judgements and assumptions are made, including assessing credit risk, timing and amount of realization, etc.</p> <p>In view of above, we determined this area to be an area of audit focus, and accordingly a key audit matter.</p>	<ul style="list-style-type: none"> • We evaluated the model adopted by management to estimate the expected credit loss, including the possible effect from the pandemic relating to COVID-19. We enquired the management in respect of the various judgements and estimates made relating to impairment provision against trade receivable, unbilled revenue and contract assets. • We obtained and discussed management assessment of impairment for specific customer balances and understood reasons for the determination. • We have circulated direct confirmations on a sample basis using statistical sampling. In case of non-receipt of such confirmations, alternate test procedures such as testing subsequent receipts and underlying documents have been performed. • We assessed the disclosures made in the Ind AS financial statements.

Information other than the financial statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Ind AS financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as applicable under the applicable laws and regulations.

Responsibilities of the management for the Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash

flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the Audit of the Ind AS financial statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free

from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Ind AS financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and

timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matter

The Ind AS financial statements of the Company for the year ended December 31, 2019, included in these Ind AS financial statements, have been audited by the predecessor auditor who expressed a qualified opinion on those statements on February 28, 2020.

Report on Other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and except for the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) Except for the matter described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our

opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

- (e) On the basis of the written representations received from the directors as on December 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (h) In our opinion, the managerial remuneration for the year ended December 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014,

as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 34 to the Ind AS financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Notes 17 and 21 to the Ind AS financial statements;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Sandeep Karnani

Partner

Membership Number: 061207

UDIN: 21061207AAAABJ9418

Place: Bengaluru

Date: February 26, 2021

Annexure - 1 to the Independent Auditors' Report

Annexure 1 referred to in clause 1 of paragraph on the report on other legal and regulatory requirements of our report of even date.

Re: ABB Power Products and Systems India Limited
(‘the Company’)

- i) a The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- c According to the information and explanations given to us by the management of the Company, the title deeds of the immovable properties acquired as per the scheme of arrangement approved by the National Company Law Tribunal vide its order dated November 27, 2019 included in property, plant and equipment and as tabulated below are not held in the name of the Company.

Particulars	Number of cases	Gross block (₹ in crores)	Net block (₹ in crores)
Freehold/ Leases hold land and building attached to it	6	194.49	173.63

- ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them to the management as at December 31, 2020 and no material discrepancies were noticed in respect of such confirmations.
- iii) According to the information and explanations given to us by the management of the Company, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 (‘the Act’). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv) In our opinion and according to the information and explanations given to us by the management of the Company, there are no loans, investments, guarantees, and securities given in respect of which provisions of

section 185 and 186 of the Act are applicable and hence not commented upon.

- v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the products manufactured by the Company and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- vii) a Undisputed statutory dues including provident fund, employees’ state insurance, goods and service tax, income tax, duty of custom, cess and other material statutory dues as applicable to the Company, have generally been regularly deposited with the appropriate authorities.
- b According to the information and explanations given to us by the management of the Company and audit procedures performed by us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income tax, service tax, sales tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues as applicable to the Company were outstanding, at the year end, for a period of more than six months from the date they became payable.
- c According to the information and explanations given to us by the management of the Company, there are no dues of income tax, sales tax, service tax, goods and service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- viii) In our opinion and according to the information and explanations given to us by the management of the Company, the Company has not defaulted in repayment of loans or borrowing to banks. The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or to government or dues to debenture holders during the year.
- ix) According to the information and explanations given to us by the management of the Company, the Company

has not raised any money by way of initial public offer/ further public offer/debt instruments and term loans during the year and hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon. Also refer note 15(f) to the Ind AS financial statements.

- x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given to us by the management of the Company, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- xi) According to the information and explanations given to us by the management of the Company, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- xiii) According to the information and explanations given to us by the management of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting

standards.

- xiv) According to the information and explanations given to us by the management of the Company and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and hence not commented upon.
- xv) According to the information and explanations given to us by the management of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act during the year and hence, reporting requirements under clause 3(xv) are not applicable to the Company and hence not commented upon.
- xvi) According to the information and explanations given to us by the management of the Company, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI firm registration number: 101049W/E300004

Per Sandeep Karnani

Partner

Membership number: 061207

UDIN: 21061207AAAABJ9418

Place: Bengaluru

Date: February 26, 2021

Annexure - 2 to the Independent Auditors' Report

Annexure 2 to the independent auditor's report of even date on the Ind AS financial statements of ABB Power Products and Systems India Limited.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

We have audited the internal financial controls over financial reporting of ABB Power Products and Systems India Limited ("the Company") as of December 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls over financial reporting with reference to these Ind AS financial statements.

Meaning of internal financial controls over financial reporting with reference to these Ind AS financial statements.

A company's internal financial control over financial reporting with reference to these Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS financial statements.

Inherent limitations of internal financial controls over financial reporting with reference to these Ind AS financial statements.

Because of the inherent limitations of internal financial controls over financial reporting with reference to these

Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial statements were operating

effectively as at December 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Sandeep Karnani

Partner

Membership Number: 061207

UDIN: 21061207AAAABJ9418

Place: Bengaluru

Date: February 26, 2021

Balance Sheet

All amount in Indian Rupees in crores, except as stated otherwise

Balance sheet as at December 31, 2020	Notes	December 31, 2020	December 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	3	574.54	539.71
Right-of-use assets	3	46.53	-
Capital work-in-progress	4	32.36	56.69
Goodwill	5	31.80	31.80
Other intangible assets	5	2.96	7.94
Financial assets			
Loans	6	10.29	6.22
Non-current tax assets (net)	7	3.75	11.53
Deferred tax assets (net)	8	21.85	-
Other non-current assets	9	5.08	1.85
		729.16	655.74
Current assets			
Inventories	10	495.08	493.20
Financial assets			
Trade receivables	11	1,584.50	1,782.85
Cash and cash equivalents	12	318.95	188.04
Loans	6	5.97	6.66
Other financial assets	13	120.63	125.58
Other current assets	14	248.83	188.55
		2,773.96	2,784.88
Total Assets		3,503.12	3,440.62
Equity and liabilities			
Equity			
Equity share capital	15	8.48	8.48
Other equity	16	924.04	831.34
		932.52	839.82
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities	35(b)	27.20	-
Other financial liabilities	17	0.87	1.19
Deferred tax liabilities (net)	8	-	4.16
		28.07	5.35
Current liabilities			
Financial liabilities			
Borrowings	18	-	347.62
Lease liabilities	35(b)	11.87	-
Trade payables			
Total outstanding dues to micro enterprises and small enterprises	19	40.94	24.69
Total outstanding dues to creditors other than micro enterprises and small enterprises	19	1,537.04	1,352.41
Other financial liabilities	17	114.93	133.52
Other current liabilities	20	649.51	597.87
Provisions	21	188.24	139.34
		2,542.53	2,595.45
Total equity and liabilities		3,503.12	3,440.62

Summary of significant accounting policies 2
 The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For **S.R.Batliboi & Associates LLP**
 Firm registration number.: 101049W/E300004
 Chartered Accountants

per Sandeep Karnani
 Partner
 Membership no. 061207

For and on behalf of the Board of Directors of
ABB Power Products and Systems India Limited
 Corporate identity number (CIN) : L31904KA2019PLC121597

Achim Michael Braun
 Chairman
 DIN: 08596097

Ajay Singh
 Chief Financial Officer

Venu Nuguri
 Managing Director and
 Chief Executive Officer
 DIN: 07032076

Poovanna C Ammatanda
 General Counsel &
 Company Secretary
 (FCS4741)

Mukesh Hari Butani
 Director
 DIN: 01452839

Place: Bengaluru
 Date: February 26, 2021

Place: Bengaluru
 Date: February 26, 2021

Statement of profit and loss for the year ended December 31, 2020

All amount in Indian Rupees in crores, except as stated otherwise

	Notes	For the year ended December 31, 2020	For the period from February 19, 2019 to December 31, 2019
Income			
Revenue from operations	22	3,420.44	3,236.06
Other income	23	18.50	0.47
Total income		3,438.94	3,236.53
Expenses			
Cost of raw materials, components consumed and project bought outs	24	1,726.62	1,530.44
Purchase of stock-in-trade		97.69	172.26
(Increase)/decrease in inventories of finished goods, work-in-progress and stock-in-trade	25	(63.73)	55.55
Subcontracting charges		266.81	269.48
Employee benefits expense	26	369.41	255.20
Depreciation and amortisation expense	27	77.17	48.41
Finance costs	28	20.44	26.38
Other expenses	29	772.75	617.37
Total expenses		3,267.16	2,975.09
Profit before exceptional items and tax		171.78	261.44
Exceptional items	38	35.50	40.79
Profit before tax		136.28	220.65
Tax expense:			
Current tax	8	60.12	62.20
Deferred tax credit	8	(23.64)	(6.94)
Total tax expenses		36.48	55.26
Profit for the year/period		99.80	165.39
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement (losses)/gains on defined benefit plan		(8.07)	0.67
Income tax effect	8	2.03	(0.17)
Other comprehensive income for the year/period, net of income tax		(6.04)	0.50
Total comprehensive income for the year/period, net of income tax		93.76	165.89
Earnings per equity share of face value of ₹ 2 each			
Basic and diluted (₹)	30	23.55	44.69

Summary of significant accounting policies 2
The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For **S.R.Batliboi & Associates LLP**
Firm registration number.: 101049W/E300004
Chartered Accountants

For and on behalf of the Board of Directors of
ABB Power Products and Systems India Limited
Corporate identity number (CIN) : L31904KA2019PLC121597

per Sandeep Karnani
Partner
Membership no. 061207

Achim Michael Braun
Chairman
DIN: 08596097

Venu Nuguri
Managing Director and
Chief Executive Officer
DIN: 07032076

Mukesh Hari Butani
Director
DIN: 01452839

Ajay Singh
Chief Financial Officer

Poovanna C Ammatanda
General Counsel &
Company Secretary
(FCS4741)

Place: Bengaluru
Date: February 26, 2021

Place: Bengaluru
Date: February 26, 2021

Statement of cash flows for the year ended December 31, 2020

All amount in Indian Rupees in crores, except as stated otherwise

	For the year ended December 31, 2020	For the period from February 19, 2019 to December 31, 2019
A. Cash flows from operating activities		
Profit before tax	136.28	220.65
Adjustments to reconcile profit before tax to net cash flows from operating activities		
Depreciation and amortisation expense	77.17	48.41
Unrealised exchange loss / (gains) (net)	8.69	(0.71)
Mark to market change in forward, commodity contracts and embedded derivative contracts	(10.70)	(20.56)
Loss on sale of fixed assets (net)	0.65	0.34
Provision for doubtful debts and advances / Bad debts / advances written off	45.40	5.21
Interest income	(1.56)	(0.47)
Finance costs	20.44	26.38
Operating profit before working capital changes	276.37	279.25
Movement in working capital		
Increase / (decrease) in trade payables	191.98	294.53
Increase / (decrease) in other financial liabilities	(2.40)	(166.14)
Increase / (decrease) in other liabilities and provisions	71.45	(13.81)
(Increase) / decrease in trade receivables	183.59	(369.01)
(Increase) / decrease in inventories	(1.88)	(23.62)
(Increase) / decrease in other financial assets	14.17	123.82
(Increase) / decrease in loans and other assets	(88.79)	(123.95)
Cash generated from operations	644.49	1.07
Direct taxes paid (net of refunds)	(34.77)	(73.73)
Net cash flow generated from/(used in) operating activities	609.72	(72.66)
B. Cash flows from investing activities		
Purchase of property, plant and equipment	(90.69)	(73.04)
Proceeds from sale of property, plant and equipment	0.92	0.08
Purchase of intangible assets	(0.78)	(0.28)
Interest received	1.56	0.47
Net cash flow used in investing activities	(88.99)	(72.77)
C. Cash flows from financing activities		
Proceeds from short-term borrowings	1,250.00	347.62
Repayment of short-term borrowings	(1,597.62)	-
Finance cost paid	(30.40)	(14.15)
Payment of principal portion of lease liabilities	(9.53)	-
Payment of interest portion of lease liabilities	(2.27)	-
Net cash flow (used in)/from financing activities	(389.82)	333.47
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	130.91	188.04
Cash and cash equivalents at the beginning of the year/period	188.04	-
Cash and cash equivalents at the end of the year/period (refer note 12)	318.95	188.04
Components of cash and cash equivalents		
Cash and bank balances (refer note 12)	318.95	188.04
	318.95	188.04

Note:

- Cash and cash equivalents at the end of the year represent cash and cheques on hand / remittance in transit and cash and deposits with banks.
- Cash flow statement is made using the indirect method.

Summary of significant accounting policies 2
The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For **S.R. Batliboi & Associates LLP**
Firm registration number.: 101049W/E300004
Chartered Accountants

For and on behalf of the Board of Directors of
ABB Power Products and Systems India Limited
Corporate identity number (CIN) : L31904KA2019PLC121597

per Sandeep Karnani
Partner
Membership no. 061207

Achim Michael Braun
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Mukesh Hari Butani
Director
DIN: 01452839

Ajay Singh
Chief Financial Officer

Poovanna C Ammatanda
General Counsel &
Company Secretary
(FCS4741)

Place: Bengaluru
Date: February 26, 2021

Place: Bengaluru
Date: February 26, 2021

Statement of changes in equity

for the year ended December 31, 2020

a. Equity share capital:

Equity shares of ₹ 2 each issued, subscribed and fully paid

All amount in Indian Rupees in crores, except as stated otherwise

	Number of shares	Amount
As at February 19, 2019	50,000	0.01
Changes in equity share capital (refer note 38(a))	4,23,31,675	8.47
As at December 31, 2019	4,23,81,675	8.48
Changes in equity share capital	-	-
As at December 31, 2020	4,23,81,675	8.48

b. Other equity :

Attributable to equity shareholders

Particulars	Reserves and surplus					Total equity
	Securities premium	General reserve	Retained earnings	Capital reserve	Amalgamation adjustment deficit account	
As at February 19, 2019	-	-	-	-	-	-
Transfer pursuant to scheme of arrangement (refer note 38(a))	9.80	507.10	149.93	0.18	(1.56)	665.45
Profit for the period	-	-	165.39	-	-	165.39
Other comprehensive income for the period (net of tax)	-	-	0.50	-	-	0.50
As at December 31, 2019	9.80	507.10	315.82	0.18	(1.56)	831.34
Transition adjustment due to adoption of Ind AS 116 "Leases" (refer note 35(b)) (net of tax)	-	-	(1.06)	-	-	(1.06)
Profit for the year	-	-	99.80	-	-	99.80
Other comprehensive income for the year (net of tax)	-	-	(6.04)	-	-	(6.04)
As at December 31, 2020	9.80	507.10	408.52	0.18	(1.56)	924.04

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For **S.R. Batliboi & Associates LLP**
Firm registration number.: 101049W/E300004
Chartered Accountants

For and on behalf of the Board of Directors of
ABB Power Products and Systems India Limited
Corporate identity number (CIN) : L31904KA2019PLC121597

per Sandeep Karnani
Partner
Membership no. 061207

Achim Michael Braun
Chairman
DIN: 08596097

Venu Nuguri
Managing Director and
Chief Executive Officer
DIN: 07032076

Mukesh Hari Butani
Director
DIN: 01452839

Ajay Singh
Chief Financial Officer

Poovanna C Ammatanda
General Counsel &
Company Secretary
(FCS4741)

Place: Bengaluru
Date: February 26, 2021

Place: Bengaluru
Date: February 26, 2021

Notes to the financial statements for the year ended December 31, 2020

1. Corporate Information

ABB Power Products and Systems India Limited ('the Company' or 'APPSIL') is a public limited company domiciled in India and incorporated under the provisions of the Indian Companies Act, 2013 on February 19, 2019. The registered office is located at Bengaluru. The Company will serve utility and industry customers, with the complete range of engineering, products, solutions and services in areas of Power technology. The Company has extensive installed base for manufacturing and a countrywide marketing and service presence. Besides catering to Indian domestic market, the Company is also playing an increasing role in the global market.

During the year, the equity shares of the Company have been listed and are being traded on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE").

The financial statements are approved for issue by the Company's Board of Directors on February 26, 2021.

2. Significant accounting policies

The significant accounting policies applied by the Company in the preparation of its standalone Ind AS financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements, unless otherwise stated.

2.1 Basis of preparation of financial statements

A Statement of compliance

These financial statements of the Company are prepared and presented in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provision of the Act as amended from time to time and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the financial statements.

B Functional and presentation currency

The financial statements are presented in Indian Rupees crores which is the currency of the primary economic environment in which the Company operated, rounded off to two decimal places, except where otherwise indicated.

C Basis of measurement

The financial statements have been prepared on the historical cost convention and on accrual basis, except for certain financial instruments (refer accounting policy regarding financial instruments), which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services as at the date of respective transactions.

2.2 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed in Note 2.3. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

2.3 Critical accounting estimates, assumptions and judgements

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Significant judgements and estimates relating to the carrying values of assets and liabilities include, determination of estimated projected cost and revenue in long-term contracts, determination of term of lease contracts, fair value measurement, impairment of goodwill, provision for employee benefits and other provisions, recoverability of deferred tax assets and commitments and contingencies.

2.3.1 Estimates and assumptions

a. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

b. Provision for employee benefits

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rate and past trends. Further details about gratuity obligations are given in Note 31.

c. Provision for litigations and contingencies

The provision for litigations and contingencies are determined based on evaluation made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgements around estimating the ultimate outcome of such past events and measurement of the obligation amount. Due to the judgements involved in such estimations, the provisions are sensitive to the actual outcome in future periods.

d. Project revenue and costs

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

Further, the percentage-of-completion method places considerable importance on accurate estimates to the extent of progress towards completion and may involve estimates on the scope of deliveries and services required for fulfilling the contractually defined obligations. These significant estimates include total contract costs, total contract revenues, contract risks, including technical, political and regulatory risks, and other judgments. This requires the Company to estimate various costs to capture such risks,

including liquidated damages and warranties. The Company re-assesses these estimates on periodic basis and makes appropriate revisions accordingly.

e. Provision

Significant estimates are involved in the determination of provisions related to liquidated damages, onerous contracts and warranty provision. The Company records a provision for onerous sales contracts when current estimates of total contract costs exceed expected contract revenue. Warranty provision is determined based on the historical trend of warranty expense for the same types of goods for which the warranty is currently being determined, after adjusting for unusual factors related to the goods that were sold or based on specific warranty clause in an agreement. Such estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence. The provision for warranty, liquidated damages and onerous contracts is based on the best estimate required to settle the present obligation at the end of reporting period.

f. Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

g. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using appropriate valuation techniques. The inputs for these valuations are taken from observable sources where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of various inputs including liquidity risk, credit risk, volatility etc. Changes in assumptions/judgements about these factors could effect the reported fair value of financial instruments.

h. Taxes

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. Uncertainties exist with respect to the interpretation of tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous assessments and interpretations of tax regulations by the Company.

i. Impairment allowance for trade receivables

The Company uses a provision matrix to calculate Expected Credit Losses ('ECL') for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, customer type, rating and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Company's historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

j. Leases: whether an arrangement contains a lease

The Company determines the lease term as the agreed tenure of the lease, together with any periods

covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

2.4 Impact of implementation of new standards/amendments:

Ind AS 116 Leases:

During the year ended December 31, 2020, the Company has applied Ind AS 116 "Leases" for the first time. The nature and effect of the changes as a result of adoption is described in note 3 and 35(b).

Several other amendments apply for the first time for the year ending December 31, 2020, but do not have an impact on the Ind AS financial statements of the Company. The Company has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

2.5 Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities, except for long-term contracts. The projects business comprises long-term contracts which have an operating cycle exceeding one year. For classification of current assets and liabilities related to projects business, the Company uses the duration of the individual life cycle of the contract as its operating cycle.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period;

The Company classifies all other liabilities as non-current;

Advance tax paid is classified as non-current assets.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.6 Foreign currency

Functional currency.

The functional currency of the Company is the Indian Rupee.

Transactions and translations. Initial recognition transactions in foreign currencies are recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. The gains or losses resulting from such translations are recognised in the statement of profit and loss.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was measured. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

2.7 Revenue recognition

The Company has adopted Ind AS 115, "Revenue from Contracts with Customers". Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated if any. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Revenue are stated exclusive of goods and service tax and net of trade and quantity discount.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

In case of large transformers, revenue is recognized on achievement of contractual milestone. Revenue recognized in excess of billing has been reflected under "Other financial assets" as unbilled revenue.

Revenues from long-term contracts are recognized on the percentage of completion method, in proportion that the contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs. Contract revenue earned in excess of billing has been reflected under "Other current assets" and billing in excess of contract revenue has been reflected under "Other current liabilities" in the balance sheet. Full provision is made for any loss in the year in which it is first foreseen.

Liquidated damages/penalties are provided for as per the contract terms wherever there is a delayed delivery attributable to the Company.

Revenue from the development services is recognised as per the contract terms and when accrued. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Commission income is recognized as per contract terms and when accrued.

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest income is recognised on time proportion basis.

2.8 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount

expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.9 Property, plant and equipment

Recognition and measurement.

Freehold Land is carried at historical cost, all other item of property, plant and equipment is measured at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognised in statement of profit or loss as incurred. The Company identifies and determines cost of each component/part of property, plant and equipment separately, if the component/part has a cost which is significant to the total cost of the property, plant and equipment and has useful life that is materially different from that of the remaining asset.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances and cost of assets not ready for use at the balance sheet date are disclosed under capital work-in-progress is stated at cost less accumulated impairment loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate assets are derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

The Company identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

Depreciation

The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. Leasehold assets are depreciated lower of lease period or life of the assets. The estimated useful lives of assets are as follows:

Useful lives estimated by the management in years:

Particulars	Years
Leasehold land	98
Leasehold improvements	1-10
Factory buildings	15-30
Other buildings	3-60
Furniture and fixtures	10
Office equipments	3-5
Plant and equipment	2-21
Vehicles	5

Depreciation methods, useful lives and residual values are reviewed periodically, at each reporting date. Further, freehold land are carried at historical cost and is not depreciated.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

2.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of profit and loss in the period in which the expenditure is incurred.

Amortisation

Amortisation is recognised in the statement of profit and loss on a straight line basis over the estimated useful lives of the intangible assets.

The estimated useful life of assets are as follows:

Particulars	Years
Technical know-how fees	3-10
Capitalized software costs	3-5

Goodwill on business acquisition is not amortized but tested for impairment. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

De-recognition

Intangible assets are de-recognised either on their disposal or where no future economic benefits are expected from their use. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

2.11 Leases

The Company is required to adopt Ind AS 116 Leases from 1 January 2020. Ind AS 116 replaces existing leases guidance, including Ind AS 17 Leases. Ind AS 116 introduces a single Balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Leases (prior to January 01, 2020 i.e. application of Ind AS 116)

A lease is classified at the inception date as a finance lease or an operating lease.

Company as a lessee

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Finance charges are recognised as finance costs in the statement of profit and loss and are computed using the effective interest method. A leased asset is depreciated over the useful life of the asset.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

2.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.13 Inventories

Inventories consist of raw materials, work-in-progress, finished goods, traded goods and stores and spares. Inventories are measured at the lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost.

The cost of various categories of inventories is arrived at as follows:

Stores, spares, raw materials, components and traded goods - at rates determined on the moving weighted average method.

Goods in Transit – at actual cost.

Work-in-progress and finished goods - at full absorption cost method which includes direct materials, direct labour and manufacturing overheads. Cost is determined on weighted average method.

Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Provision for obsolescence is made wherever necessary.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The factors that the Company considers in determining the provision for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. The Company considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

2.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.14.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition.

2.14.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business where the objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business where the objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Company has made an irrevocable

election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

a) Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(v) Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

b. Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward and option contracts including commodity contracts to mitigate the risk of changes in exchange rates on foreign currency exposures and fluctuation in commodity prices. The counterparty for these contracts is generally a bank.

Financial assets or financial liabilities, at fair value through profit or loss.

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in the statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income/expenses. Assets/ liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

Certain commercial contracts may grant rights to the Company or the counterparties, or contain other provisions that are considered to be derivatives. Such embedded derivatives are assessed at inception of the contract and depending on their characteristics, accounted for as separate derivative instruments and shown at their fair value in the balance sheet with changes in their fair value recognized through profit or loss.

2.15 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

Fair value hierarchy:

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine

fair value includes discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result from general approximation of value and the same may differ from the actual realised value.

2.16 Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.17 Other income

Other income is comprised primarily of interest income and Exchange and commodity rate difference (net). Interest income is recognized using the effective interest method.

2.18 Finance costs

Borrowing costs are recognised in the statement of profit and loss using the effective interest method. The associated cash flows are classified as financing activities in the statement of cash flows.

2.19 Provisions, contingent liability and contingent assets

General

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Contingent Liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets

Contingent assets are not recognised or disclosed in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

Provisions, contingent liability and contingent assets are reviewed at each balance sheet.

2.20 Impairment

a Financial assets

Financial assets (other than at fair value) The Company assesses at each date of balance sheet whether a

financial asset or a group of financial assets is impaired. Ind AS 109 ('Financial Instruments') requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company provides for impairment upon the occurrence of the triggering event.

b Non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in case of goodwill is not reversed. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

2.21 Earnings per share

The Company presents basic and diluted Earnings per share for its ordinary shares. Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year/period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

2.22 Retirement and other employee benefits

Retirement benefit in the form of provident fund and pension fund are defined contribution scheme. The Company has no obligation, other than the contribution payable. The Company recognizes contribution payable to provident fund and pension fund as expenditure, when an employee renders the related service.

2.22.1 Gratuity - Defined benefit plans

The present value of the obligation under defined benefit plans are determined based on actuarial valuation using the Projected Unit Credit Method. In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on a net basis.

The Company is in process of setting up trust for Gratuity. Remeasurement comprising of actuarial gains and losses is recognized in other comprehensive income (OCI) and is reflected in reserves and surplus as part of equity and is not eligible to be reclassified to profit or loss.

The Company recognises the following changes in the net defined benefit obligation as an expense in statement of profit and loss:

- Service cost including current service cost, past service cost and gains and losses on curtailments and settlements; and
- Net interest expense or income.

2.22.2 Superannuation - Defined contribution scheme

Contribution to Superannuation Fund, is made at pre-determined rates to the Superannuation Fund Trust and is charged to the statement of profit and loss during the period in which the employee renders the related services. There are no other obligations other than the contribution payable to the Superannuation Fund Trust. The Company is in process of setting up the Superannuation Fund Trust.

2.22.3 Compensated absences

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefits. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company presents the entire accumulated leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

2.23 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents consist of cash and cheque at hand / remittance in transit and cash and deposit with the bank.

2.24 Cash dividend

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

2.25 Corporate Social Responsibility ('CSR') expenditure

The Company charges its CSR expenditure during the year to the statement of profit and loss.

2.26 Segment

Operating segments are identified as those components of the Company (a) that engage in business activities to earn revenues and incur expenses (including transactions with any of the Company's other components (b) whose operating results are regularly reviewed by the Company's Chief Executive Officer to make decisions about resource allocation and performance assessment and (c) for which discrete financial information is available. The accounting policies consistently used in the preparation of the financial statements are also applied to record revenue and expenditure in individual segments.

The Company is engaged in the business relating to products, projects and services for electricity transmission and related activities during the year ended December 31, 2020. These activities of the Company are reviewed regularly by the chief operating decision maker from an overall business perspective, rather than reviewing its products/services as individual standalone components and therefore subject to the same risk and reward and accordingly falls within single business segment.

2.27 Scrip sales

Export entitlements in the form of Merchandise Export from India (MEIS) are recognized in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

2.28 Exceptional items

Exceptional Items represents the nature of transactions which are not in recurring nature during the ordinary course of business but lead to increase/decrease in profit/loss for the year.

2.29 Recent Indian Accounting Standards (Ind AS)

The following new standards and amendment to Ind AS have not been have not been applied by the Company as they are effective annual periods beginning on or after January 1, 2021:

Standards issued but not yet effective

Amendments to Ind AS 103 Business Combinations

The amendments to the definition of a business in Ind AS 103 help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

These amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after the January 1, 2021 and to asset acquisitions that occur on or after the beginning of that period. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company will not be affected by these amendments on the date of transition.

Amendments to Ind AS 1 and Ind AS 8: Definition of Material

The amendments to Ind AS 1 Presentation of Financial Statements and Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors align the definition of 'material' across the standards and clarify certain aspects of the definition. The new definition states that, Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements.

A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

These amendments are applicable prospectively for annual periods beginning on or after the January 1, 2021. The amendments to the definition of material are not expected to have a significant impact on the Company's financial statements.

Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform

The amendments to Ind AS 109 Financial Instruments: recognition and measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

The amendments to Ind AS 107 prescribe the disclosures which entities are required to make for hedging relationships to which the reliefs as per the amendments in Ind AS 109 are applied. These amendments are applicable for annual periods beginning on or after the January 1, 2021. These amendments are not expected to have a significant impact on the Company's financial statements.

3. Property, plant and equipment and Right-of-Use (ROU) assets

All amount in Indian Rupees in crores, except as stated otherwise

	Property, plant and equipment (Owned Assets)									ROU Assets				
	Free hold land	Lease hold land	Lease hold improvements	Factory buildings	Other buildings	Plant and equipment	Office equipment's	Furniture and fixtures	Vehicles	Total owned Assets	Lease hold land	Office buildings	Vehicles	Total ROU Assets
Gross carrying value														
As at February 19, 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer pursuant to scheme of arrangement (refer note 38(a))	13.71	9.53	0.36	130.16	25.74	477.97	5.99	13.02	0.34	676.82	-	-	-	-
Additions	-	-	-	7.95	1.92	49.46	0.12	1.00	-	60.45	-	-	-	-
Disposals	-	-	-	-	-	(4.99)	(0.06)	(0.29)	(0.03)	(5.37)	-	-	-	-
As at December 31, 2019	13.71	9.53	0.36	138.11	27.66	522.44	6.05	13.73	0.31	731.90	-	-	-	-
On account of transition to Ind AS 116	-	-	-	-	-	-	-	-	-	-	-	20.28	10.30	30.58
Additions	-	-	12.17	0.48	5.14	82.29	3.50	2.20	-	105.78	-	15.60	2.38	17.98
Reclassification	-	-	-	(1.72)	1.72	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(0.14)	-	(6.98)	(0.29)	(0.70)	(0.26)	(8.37)	-	-	-	-
Transfer to ROU assets	-	(9.53)	-	-	-	-	-	-	-	(9.53)	-	-	-	-
Transfer from owned assets	-	-	-	-	-	-	-	-	-	-	9.53	-	-	9.53
As at December 31, 2020	13.71	-	12.53	136.73	34.52	597.75	9.26	15.23	0.05	819.78	9.53	35.88	12.68	58.09
Accumulated depreciation														
As at February 19, 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer pursuant to scheme of arrangement (refer note 38(a))	-	0.71	0.17	2.89	1.24	144.07	1.81	2.42	0.18	153.49	-	-	-	-
Depreciation charge for the period	-	0.07	0.03	4.42	2.20	35.39	0.51	0.99	0.04	43.65	-	-	-	-
Disposals	-	-	-	-	-	(4.69)	(0.03)	(0.22)	(0.01)	(4.95)	-	-	-	-
As at December 31, 2019	-	0.78	0.20	7.31	3.44	174.77	2.29	3.19	0.21	192.19	-	-	-	-
Depreciation charge for the year	-	-	0.90	6.05	3.32	46.98	1.52	1.79	0.07	60.63	0.10	7.02	3.66	10.78
Reclassification	-	-	-	(0.31)	0.31	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(0.14)	-	(5.44)	(0.28)	(0.68)	(0.26)	(6.80)	-	-	-	-
Transfer to ROU assets	-	(0.78)	-	-	-	-	-	-	-	(0.78)	-	-	-	-
Transfer from owned assets	-	-	-	-	-	-	-	-	-	-	0.78	-	-	0.78
As at December 31, 2020	-	-	1.10	12.91	7.07	216.31	3.53	4.30	0.02	245.24	0.88	7.02	3.66	11.56
Net carrying value as at December 31, 2019	13.71	8.75	0.16	130.80	24.22	347.67	3.76	10.54	0.10	539.71	-	-	-	-
Net carrying value as at December 31, 2020	13.71	-	11.43	123.82	27.45	381.44	5.73	10.93	0.03	574.54	8.65	28.86	9.02	46.53

Notes:

- There are no tangible assets given on operating lease.
- Freehold land, Leasehold land, Factory buildings and other buildings transferred to the Company, pursuant to the scheme of arrangement, as detailed in note 38(a) is in the process of being registered in the name of the Company.
- The net block of Leasehold land of ₹ 8.75 crores (Gross block - ₹ 9.53 crores and accumulated depreciation - ₹ 0.78 crores) has been reclassified to "Right-of-Use" assets on account of adoption of Ind AS 116 "Leases". Refer note 35(b).

4. Capital work in progress

All amount in Indian Rupees in crores, except as stated otherwise	
Capital work in progress	
Gross carrying value	
As at February 19, 2019	-
Transfer pursuant to scheme of arrangement (refer note 38(a))	37.86
Additions	79.28
Capitalised during the period	(60.45)
As at December 31, 2019	56.69
Additions	81.45
Capitalised during the year	(105.78)
As at December 31, 2020	32.36

5. Goodwill and other intangible assets

All amount in Indian Rupees in crores, except as stated otherwise				
Other intangible assets				
	Goodwill	Technical Know-how fees	Capitalised Software	Total
Gross carrying value				
As at February 19, 2019	-	-	-	-
Transfer pursuant to scheme of arrangement (refer note 38(a))	31.80	33.36	2.41	35.77
Additions	-	-	0.28	0.28
Disposals	-	-	-	-
As at December 31, 2019	31.80	33.36	2.69	36.05
Additions	-	-	0.78	0.78
Disposals	-	-	(0.02)	(0.02)
As at December 31, 2020	31.80	33.36	3.45	36.81
Accumulated amortisation / impairment				
As at February 19, 2019	-	-	-	-
Transfer pursuant to scheme of arrangement (refer note 38(a))	-	22.18	1.17	23.35
Amortisation charge for the period	-	4.46	0.30	4.76
Disposals	-	-	-	-
As at December 31, 2019	-	26.64	1.47	28.11
Amortisation charge for the year	-	5.39	0.37	5.76
Disposals	-	-	(0.02)	(0.02)
As at December 31, 2020	-	32.03	1.82	33.85
Net carrying value as at December 31, 2019	31.80	6.72	1.22	7.94
Net carrying value as at December 31, 2020	31.80	1.33	1.63	2.96

Goodwill impairment testing

The carrying amount of goodwill as at December 31, 2020 and as at December 31, 2019 has been attributed to power grids business as a Cash Generating Unit ('CGU'). The Company tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations use pre-tax cash flow projections based on financial budgets approved by the management. An average of the range of each assumption used as at December 31, 2020 and as at December 31, 2019 is mentioned below.

Growth rate	5% - 6%
Operating margins	6% - 13%
Discount rate	9% - 10%

The above discount rate is based on the Weighted Average Cost of Capital (WACC) which represents the weighted average return attributable to all the assets of the CGU. These estimates are likely to differ from future actual results of operations and cash flows.

Based on the above assessment, there has been no impairment of goodwill.

6. Loans

All amount in Indian Rupees in crores, except as stated otherwise				
	Non-current		Current	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
(Unsecured considered good, unless otherwise stated)				
Security deposits	10.29	6.22	2.36	2.86
Security deposits which have significant increase in credit risk	-	-	0.71	-
Less: Impairment allowance on security deposits which have significant increase in credit risk	-	-	0.71	-
	-	-	-	-
Loans to employees	-	-	3.61	3.80
	10.29	6.22	5.97	6.66

7. Non-current tax asset (net)

All amount in Indian Rupees in crores, except as stated otherwise		
	December 31, 2020	December 31, 2019
Advance income-tax (net of provision for current tax)	3.75	11.53
	3.75	11.53

8. Income tax

All amount in Indian Rupees in crores, except as stated otherwise		
	December 31, 2020	December 31, 2019
The major components of income tax expense for the year/period:		
Statement of profit and loss:		
Current tax	60.12	62.20
Deferred tax credit	(23.64)	(6.94)
Income tax expense reported in the statement of profit and loss	36.48	55.26
Other comprehensive income ('OCI')		
Deferred tax related to items recognised in OCI during the year:	2.03	(0.17)
Income tax expense / (credit) to OCI	2.03	(0.17)
Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:		
Accounting profit before income tax	136.28	220.65
At India's statutory tax rate of 25.17percent for the year ended December 31, 2020 and for the period ended December 31, 2019	34.30	55.54
Adjustments in respect of current income tax		
Non-deductible expenses for tax purposes	2.18	2.78
Impact of change in income tax rate*	-	(3.06)
Income tax expense at effective tax rate of 26.77percent (December 31, 2019 : 25.04%)	36.48	55.26
The Company elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company recognized Provision for income tax for the period ended December 31, 2019 and re-measured its deferred tax assets basis the rate prescribed in the said section.		
Deferred tax assets/(liabilities) relates to the following:		
Fixed asset : Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	(63.74)	(67.97)
Provision for doubtful debts and advances	54.08	47.47
Demerger related expenses	12.22	7.49
Expenditure debited to the statement of profit and loss but allowable for tax purpose in subsequent years	19.29	8.85
Net deferred tax assets/(liabilities)	21.85	(4.16)
Deferred tax assets	85.59	63.81
Deferred tax liabilities	(63.74)	(67.97)
Deferred tax assets/(liabilities), net	21.85	(4.16)
Reconciliation of deferred tax assets/(liabilities) (net)		
Opening balance as at the commencement of the year	(4.16)	-
Transfer pursuant to scheme of arrangement (refer note 38(a))	-	(10.95)
Transition adjustment due to adoption of Ind AS 116 "Leases" (refer note 35(b)) (net of tax)	0.34	-
Tax income/(expense) during the year/period recognised in profit or loss	23.64	6.94
Tax income/(expense) during the year/period recognised in OCI	2.03	(0.17)
Tax income/(expense) during the year/period recognised in retained earnings	25.67	6.77
Closing balance	21.85	(4.16)

9. Other non-current assets

All amount in Indian Rupees in crores, except as stated otherwise		
	December 31, 2020	December 31, 2019
(Unsecured considered good, unless otherwise stated)		
Capital advances	5.08	1.85
Advances recoverable which have significant increase in credit risk	1.89	1.94
Less: Impairment allowance on advances recoverable which have significant increase in credit risk	1.89	1.94
	-	-
	5.08	1.85

10. Inventories (valued at lower of cost and net realisable value)

All amount in Indian Rupees in crores, except as stated otherwise		
	December 31, 2020	December 31, 2019
Raw materials and components (includes goods in transit goods of ₹ 40.59 crores (December 31, 2019: ₹109.08 crores))	270.45	332.88
Work-in-progress	211.79	146.42
Finished goods	10.72	12.15
Traded goods	0.28	0.49
Stores and spares	1.84	1.26
	495.08	493.20

During the year ended December 31, 2020, ₹15.05 crores (for period ended December 31, 2019, ₹1.71 crores) has been recognised as an expense in relation to inventory being carried at net realisable value.

11. Trade receivables

All amount in Indian Rupees in crores, except as stated otherwise				
	Non-current		Current	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Unsecured				
Considered good	-	-	1,584.50	1,782.85
Trade receivables which have significant increase in credit risk	-	-	121.46	107.91
Trade receivables - credit impaired	87.61	88.73	-	-
	87.61	88.73	1,705.96	1,890.76
Less: Impairment allowance (allowance for bad and doubtful debts)				
Trade receivables which have significant increase in credit risk	-	-	121.46	107.91
Trade receivables - credit impaired	87.61	88.73	-	-
	-	-	1,584.50	1,782.85

- Trade receivables from related parties (refer note 39).
- No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
- Trade receivables are non-interest bearing and are generally on terms of 0 to 90 days.
- Refer note 32(c)(iv) for details pertaining to credit risk.
- Refer note 37(b) for details pertaining to contract balances.

12. Cash and cash equivalents

All amount in Indian Rupees in crores, except as stated otherwise		
	December 31, 2020	December 31, 2019
Balances with banks		
- on current accounts	301.04	188.04
Cheques on hand / remittance in transit	17.91	-
Cash and cash equivalents in the balance sheet and statement of cash flows	318.95	188.04
Changes in liabilities arising from financing activities:		
The changes in liabilities arising from financing activities is on account of cash flow changes only and there are no non-cash changes.		

13. Other current financial assets

(Unsecured considered good, unless otherwise stated)

All amount in Indian Rupees in crores, except as stated otherwise

	December 31, 2020	December 31, 2019
Deposits with customers	8.52	11.88
Contract revenue in excess of billing/unbilled revenue (refer note 37(b))	60.82	66.45
Contract revenue in excess of billing/unbilled revenue which have significant increase in credit risk	3.22	-
Less: impairment allowance on contract revenue in excess of billing/unbilled revenue which have significant increase in credit risk	3.22	-
	-	-
Other receivables	14.55	22.95
Mark to market gain on forward contracts*	28.36	13.01
Mark to market gain on embedded derivatives*	8.38	11.29
	120.63	125.58

* Mark to market gain is identified and accounted based on the underlying contracts. The derivatives are recognised at fair value through statement of profit and loss.

14. Other current assets

(Unsecured considered good, unless otherwise stated)

All amount in Indian Rupees in crores, except as stated otherwise

	December 31, 2020	December 31, 2019
Prepaid expenses	15.59	1.70
Contract assets (refer note 37(b))	125.99	136.95
Advances other than capital advances	48.96	38.57
Balance with government authorities	58.29	11.33
	248.83	188.55

15. Equity

All amount in Indian Rupees in crores, except as stated otherwise

Share capital	Equity shares	
	Number of shares	Amount
a. Authorised share capital		
At February 19, 2019	250,000	0.05
Increase during the period	49,750,000	9.95
At December 31, 2019	50,000,000	10.00
Changes during the year		
At December 31, 2020	50,000,000	10.00
b. Issued equity share capital		
Equity shares of ₹ 2 each issued, subscribed and fully paid up	Number of shares	Amount
At February 19, 2019*	50,000	0.01
Changes in equity share capital (refer note 15(g) below)	42,331,675	8.47
At December 31, 2019	42,381,675	8.48
Changes during the year	-	-
At December 31, 2020	42,381,675	8.48

*On incorporation of the Company, the equity shares were held by ABB India Limited. (refer note 38(a)).

c. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees.

The Board of directors have recommended dividend of ₹ 2 per equity share for the year ended December 31, 2020. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

d. Details of shareholders holding more than 5 percent of the shares in the Company as at December 31, 2020 and as at December 31, 2019

Name of the shareholders	Number of shares	% of holding
Equity shares of ₹ 2 each, fully paid up ABB Asea Brown Boveri Limited - the holding company	31,786,256	75.00%

As per records of the Company and other declarations received from shareholders, the above shareholding represents both legal and beneficial ownerships of shares.

e. Shares held by holding/ultimate holding company as at December 31, 2020 and as at December 31, 2019

Out of the equity shares issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries/associates are as below:

All amount in Indian Rupees in crores, except as stated otherwise

Name of the shareholders	Number of shares	Amount
Equity shares of ₹ 2 each, fully paid up ABB Asea Brown Boveri Limited - the holding company	3,17,86,256	6.36
	3,17,86,256	6.36

- f. During the year an open offer for acquisition of upto 10,595,419 fully paid equity shares of face value of ₹ 2/- each of the Company from Public Shareholders was made by ABB Switzerland Ltd ("Acquirer 1") along with Hitachi, Ltd. ("Acquirer 2"), Hitachi ABB Power Grids AG (previously named ABB Management Holding AG) ("PAC 1") and ABB Ltd ("PAC 2") and (along with PAC 1 the "PACs") acting in their capacity as persons acting in concert with the Acquirers.

As set out in the Letter of Offer dated September 2, 2020, while Hitachi Ltd. had acquired indirect control over the Company on and from July 1, 2020, the ownership interest of 75 percent of equity shares of the Company was continued to be held by ABB Asea Brown Boveri Ltd, until the anticipated transfer of such ownership interest to Hitachi ABB Power Grids AG (majority shareholding of which is owned by Hitachi, Ltd.), as part of a delayed closing of the transaction in India. Such delayed closing and transfer of the 75 percent of equity shares of the Company to Hitachi ABB Power Grids AG took place on February 5, 2021.

Pursuant to the Open Offer concluded on September 30, 2020, 178 equity shares in demat form were acquired by ABB Switzerland Ltd (presently lying in Escrow account and to be subsequently moved to the demat account of ABB Switzerland Ltd). Further, apart from the 178 equity shares acquired in demat form, 1 equity share tendered in the Open Offer in physical form was transferred to ABB Switzerland Ltd during the Q4 2020 (presently held in physical form as on December 31, 2020, is due to be converted into demat form and credited into the demat account of ABB Switzerland Ltd)."

g. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

On December 24, 2019, the Company issued 42,381,675 number of fully paid equity shares having face value of ₹ 2 each to the existing equity shareholders of ABB India Limited in the proportion of 1 share for every 5 shares held, pursuant to the scheme of arrangement. Further, 50,000 number of shares issued to the ABB India Limited at the time of incorporation of the Company has been cancelled as per the aforesaid scheme (refer note 38(a)).

16. Other equity

All amount in Indian Rupees in crores, except as stated otherwise		
	December 31, 2020	December 31, 2019
a Securities premium		
Opening balance	9.80	-
Transfer pursuant to scheme of arrangement (refer note 38(a))	-	9.80
Closing balance	9.80	9.80
b Retained earnings		
Opening balance	315.82	-
Transfer pursuant to scheme of arrangement (refer note 38(a))	-	149.93
Transition adjustment due to adoption of Ind AS 116 "Leases" (refer note 35(b)) (net of tax)	(1.06)	-
Net profit for the year/period	99.80	165.39
Other comprehensive income (net of tax)	(6.04)	0.50
Closing balance	408.52	315.82
c Amalgamation adjustment deficit account		
Opening balance	(1.56)	-
Transfer pursuant to scheme of arrangement (refer note 38(a))	-	(1.56)
Closing balance	(1.56)	(1.56)
d Capital reserve		
Opening balance	0.18	-
Transfer pursuant to scheme of arrangement (refer note 38(a))	-	0.18
Closing balance	0.18	0.18
e General reserve		
Opening balance	507.10	-
Transfer pursuant to scheme of arrangement (refer note 38(a))	-	507.10
Closing balance	507.10	507.10
Total other equity	924.04	831.34

Nature and purpose of other reserves

a) Securities premium

Securities premium acquired pursuant to scheme of arrangement shall be utilised in accordance with the provisions of Companies Act, 2013.

b) Retained earnings

Retained earnings are the profits of the Company earned till date net of appropriations/distributions, includes amount acquired pursuant to scheme of arrangement and other adjustments permitted as per the applicable regulations and accounting standards.

c) Amalgamation adjustment deficit account

Amalgamation adjustment deficit account is the deficit between the carrying value of assets, liabilities and reserves transferred to the Company and the consideration discharged by way of the New Equity Shares issued to the shareholders of ABB India Limited pursuant to the demerger of Power Grid Business from ABB India Limited (refer note 38(a)).

d) Capital reserve

Capital reserve is acquired pursuant to scheme of arrangement.

e) General reserve

General reserve is acquired pursuant to scheme of arrangement. The Company can use this reserve for payment of dividend and issue of fully paid-up shares. As General reserve is created by transfer of one component of equity to another and is not an item of other comprehensive income, items included in the General reserve will not be subsequently reclassified to statement of profit and loss.

17. Other financial liabilities

All amount in Indian Rupees in crores, except as stated otherwise				
	Non-current		Current	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Security deposits received	0.87	1.19	-	-
Payable towards purchase of fixed assets	-	-	6.07	12.09
Employee related payables	-	-	41.40	31.72
Interest accrued but not due	-	-	-	12.23
Mark to market loss on embedded derivatives*	-	-	15.25	8.98
Mark to market loss on forward contracts*	-	-	4.54	9.07
Other payables	-	-	47.67	59.43
	0.87	1.19	114.93	133.52

* Mark to market gain is identified and accounted based on the underlying contracts. The derivatives are recognised at fair value through statement of profit and loss.

18. Borrowings

All amount in Indian Rupees in crores, except as stated otherwise		
	December 31, 2020	December 31, 2019
Loans from related party (Unsecured)		
Payable to ABB India Limited	-	347.62
	-	347.62

i.) Loan from related party carried an interest rate of 10 percent. The loan has been repaid in full on February 11, 2020.

19. Trade payables

All amount in Indian Rupees in crores, except as stated otherwise		
	December 31, 2020	December 31, 2019
Dues to micro and small enterprises*	40.94	24.69
	40.94	24.69
Dues to creditors other than micro and small enterprises		
Acceptances	161.45	213.65
Other trade payables	1,375.59	1,138.76
	1,537.04	1,352.41
	1,577.98	1,377.10
The Company has amounts due to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at December 31, 2020 and as at December 31, 2019.		
(i) The principal amount and the interest due thereon remaining unpaid to any supplier at each accounting year/period		
Principal amount	38.10	22.99
Interest	0.19	0.32
(ii) The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day for each accounting year/period		
Principal amount	-	-
Interest	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year)	0.95	1.02
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year/period	1.14	1.34
(v) The amount of further interest remaining due and payable for the earlier years	1.70	0.36
(vi) The amount (including interest) due as at each accounting year/period	40.94	24.69

The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendors/suppliers.

20. Other current liabilities

	All amount in Indian Rupees in crores, except as stated otherwise	
	December 31, 2020	December 31, 2019
Billing in excess of contract revenue (refer note 37(b))	358.72	246.70
Statutory dues payable	14.00	37.58
Advance from customer	276.79	313.59
	649.51	597.87

21. Provisions

	All amount in Indian Rupees in crores, except as stated otherwise	
	December 31, 2020	December 31, 2019
Provisions for employee benefits		
Gratuity (refer note 31)	13.16	3.76
Leave benefits	17.72	20.42
Other provisions		
Warranties	106.56	92.43
Loss orders	33.23	22.73
Provision for income tax (net)	17.57	-
	188.24	139.34

Nature of provisions:

- i **Warranties:** The Company provides warranties for its products, systems and services, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision represents the amount of the expected cost based on technical evaluation and past experience of meeting such obligations. It is expected that this expenditure will be incurred over the contractual warranty period.
- ii **Loss orders:** A provision for expected loss on construction contracts is recognised when it is probable that the contract costs will exceed total contract revenue. For all other contracts loss order provisions are made when the unavoidable costs of meeting the obligation under the contract exceed the currently estimated economic benefits.

Details of changes in provisions during the year (Figures in brackets are in respect of the previous period)

Class of provisions	All amount in Indian Rupees in crores, except as stated otherwise					
	As at January 1, 2020	Transfer pursuant to scheme of arrangement	Additions	Amounts used	Unused Amounts reversed	As at December 31, 2020
Warranties	92.43	-	32.69	5.15	13.41	106.56
	-	(84.84)	(18.08)	(7.19)	(3.30)	(92.43)
Loss orders	22.73	-	28.77	16.96	1.31	33.23
	-	(30.09)	(12.57)	(19.91)	(0.02)	(22.73)

22. Revenue from operations (net)

	All amount in Indian Rupees in crores, except as stated otherwise	
	For the year ended December 31, 2020	For the period from February 19, 2019 to December 31, 2019
Revenue from contracts with customers		
Sale of products	2,337.90	1,858.16
Revenue from execution of contracts for projects and services	938.84	1,284.37
Sale of services	71.00	47.29
	3,347.74	3,189.82
Other operating revenues		
Scrap sales	14.58	10.25
Commission income	12.14	1.20
Income from development services	29.38	26.93
Miscellaneous income	16.60	7.86
	72.70	46.24
Revenue from operations (net)	3,420.44	3,236.06

*Also refer note 37 and 39

23. Other income

All amount in Indian Rupees in crores, except as stated otherwise		
	For the year ended December 31, 2020	For the period from February 19, 2019 to December 31, 2019
Exchange and commodity rate difference (net)	16.94	-
Interest income		
Interest on deposits with bank	1.18	-
Interest on security deposit and others	0.38	0.47
	18.50	0.47

24. Cost of raw materials, components consumed and project bought-outs

All amount in Indian Rupees in crores, except as stated otherwise		
	For the year ended December 31, 2020	For the period from February 19, 2019 to December 31, 2019
Raw material and components consumed		
Inventory at the beginning of the year	332.88	-
Transfer pursuant to scheme of arrangement	-	254.22
Add : Purchases during the year/period	1,664.19	1,609.10
Less : Inventory at the end of the year/period	270.45	332.88
	1,726.62	1,530.44

25. (Increase)/decrease in inventories of finished goods, work-in-progress and stock-in-trade

All amount in Indian Rupees in crores, except as stated otherwise		
	For the year ended December 31, 2020	For the period from February 19, 2019 to December 31, 2019
Opening stock/transfer pursuant to scheme of arrangement		
- Finished goods	12.15	13.28
- Work-in-progress	146.42	200.86
- Stock-in-trade	0.49	0.47
	159.06	214.61
Closing stock		
- Finished goods	10.72	12.15
- Work-in-progress	211.79	146.42
- Stock-in-trade	0.28	0.49
	222.79	159.06
	(63.73)	55.55

26. Employee benefits expense

All amount in Indian Rupees in crores, except as stated otherwise		
	For the year ended December 31, 2020	For the period from February 19, 2019 to December 31, 2019
Salaries, wages and bonus	319.94	223.96
Gratuity expense (refer note 31)	5.23	4.70
Provident fund expense (refer note 31)	15.36	3.45
Contribution to superannuation and other funds	10.66	7.48
Staff welfare expenses	15.06	10.85
Training, recruitment and transfer expenses	3.16	4.76
	369.41	255.20

27. Depreciation and amortisation expense

All amount in Indian Rupees in crores, except as stated otherwise		
	For the year ended December 31, 2020	For the period from February 19, 2019 to December 31, 2019
Depreciation of tangible assets (refer note 3)	60.63	43.65
Amortisation of intangible assets (refer note 5)	5.76	4.76
Depreciation of right-of-use assets (refer note 3)	10.78	-
	77.17	48.41

28. Finance costs

All amount in Indian Rupees in crores, except as stated otherwise		
	For the year ended December 31, 2020	For the period from February 19, 2019 to December 31, 2019
Interest expenses	11.13	19.12
Bill discounting and other charges	7.04	7.26
Interest on lease liabilities (refer note 35(b))	2.27	-
	20.44	26.38

29. Other expenses

All amount in Indian Rupees in crores, except as stated otherwise		
	For the year ended December 31, 2020	For the period from February 19, 2019 to December 31, 2019
Consumption of stores and spares	24.79	18.21
Packing expenses	10.51	7.96
Royalty and technology fees	150.20	129.92
Freight and forwarding	81.95	79.59
Postage and telephone	0.80	0.94
Commission (other than sole selling agent)	4.64	3.42
Power and fuel	52.14	42.58
Travelling and conveyance	17.97	35.83
Insurance	24.87	15.95
Rates and taxes (net)	2.19	3.15
Rent	6.68	9.76
Repairs and maintenance		
Buildings	1.83	1.33
Plant and machinery	16.94	15.27
Others	3.69	2.65
Provision for doubtful debts and advances / Bad debts / advances written off	17.33	5.21
Loss on sale of fixed assets (net)	0.65	0.34
Printing and stationery	1.52	1.09
Bank charges	17.11	1.39
Legal and professional*	37.09	13.33
Trade-mark fees	43.59	35.26
Corporate social responsibility expenditure (refer note 40)	4.42	-
Information technology expenses	98.49	56.40
Exchange and commodity rate difference (net)	-	2.01
Director's fees and commission	1.20	-
Services from third parties	39.60	28.85
Testing and inspection charges	6.92	8.26
Seminar and publicity expenses	0.86	3.09
Group management fees	57.47	66.03
Miscellaneous	47.30	29.55
	772.75	617.37
* Includes auditor's remuneration (exclusive of goods and service tax) towards the following:		
Statutory audit fee (inclusive of out-of-pocket expenses)	0.48	0.48
Tax audit fee	0.27	0.27
Limited review fee	0.36	0.36
Group audit fee/one time certification fee	0.14	0.47

30. Earning per share (EPS)

All amount in Indian Rupees in crores, except as stated otherwise		
	For the year ended December 31, 2020	For the period from February 19, 2019 to December 31, 2019
The following reflects the income and share data used in the basic and diluted EPS computations:		
Earnings		
Profit attributable to equity shareholders	99.80	165.39
Shares		
Weighted average number of Equity Shares outstanding during the year/period - basic	4,23,81,675	3,70,06,224
Dilutive effect on shares	-	-
Weighted average number of Equity Shares outstanding during the year/period - diluted	4,23,81,675	3,70,06,224
Earnings per share of par value ₹2/- each - Basic and diluted (in ₹)	23.55	44.69

31. Gratuity and other post-employment benefit plans

The Company has a defined benefit gratuity plan, had a provident fund plan and is in process of setting up the trusts to manage the aforesaid plans.

(a) Gratuity plan:

Gratuity is payable to all eligible employees of the Company as per the provisions of the Payment of Gratuity Act, 1972 or as per the Company's scheme, whichever is higher. The plan assets are held by **Asea Brown Boveri Ltd Employees Gratuity Fund** on behalf of the Company.

Under the Act, every employee who has completed five years or more of service gets gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The level of benefits provided depends on the member's length of service and salary at retirement age. The Gratuity scheme provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The maximum limit considered for payment is ₹ 0.20 crore.

Assumptions relating to future salary increases, attrition, interest rate for discount and overall expected rate of return on assets have been considered based on relevant economic factors such as inflation, market growth and other factors applicable to the period over which the obligation is expected to be settled.

All amount in Indian Rupees in crores, except as stated otherwise		
	December 31, 2020	December 31, 2019
Gratuity		
The following table sets out movement in defined benefits liability and the amount recognised in the financial statements:		
Gratuity provision	13.16	3.76
Total	13.16	3.76

All amount in Indian Rupees in crores, except as stated otherwise			
	Defined benefit obligation	Fair value of plan assets	Benefit liability
i Changes in the defined benefit obligation and fair value of plan assets :			
As at February 19, 2019			
Transfer pursuant to scheme of arrangement	61.81	55.32	6.49
Gratuity cost charged to profit or loss:			
Service cost	3.54	-	3.54
Net interest expense	3.35	2.19	1.16
Total amount recognised in statement of profit and loss (Note 26)	6.89	2.19	4.70
Remeasurement (gains) / losses in other comprehensive income:			
Return on plan assets (excluding amounts included in net interest expense)	-	4.13	(4.13)
Actuarial changes arising from changes in financial assumptions	2.12	-	2.12
Actuarial changes arising from changes in experience adjustments	1.34	-	1.34
Total amount recognised in other comprehensive income	3.46	4.13	(0.67)
Contributions by employer	-	6.76	(6.76)
Benefits paid	(2.81)	(2.81)	-
As at December 31, 2019	69.35	65.59	3.76
Service cost	5.12	-	5.12
Net interest expense	4.58	4.47	0.11
Total amount recognised in statement of profit and loss (Note 26)	9.70	4.47	5.23

Remeasurement (gains) / losses in other comprehensive income:			
Return on plan assets (excluding amounts included in net interest expense)	-	2.76	(2.76)
Actuarial changes arising from changes in financial assumptions	5.29	-	5.29
Actuarial changes arising from changes in experience adjustments	5.54	-	5.54
Total amount recognised in other comprehensive income	10.83	2.76	8.07
Contributions by employer	-	-	-
Benefits paid	(5.46)	(1.56)	(3.90)
As at December 31, 2020	84.42	71.26	13.16

All amount in Indian Rupees in crores, except as stated otherwise

	December 31, 2020	December 31, 2019
ii Amount recognized in balance sheet		
Present value of funded obligations	84.42	69.35
Fair value of plan assets	71.26	65.59
Net funded obligation	(13.16)	(3.76)
Net defined benefit liability recognised in balance sheet	(13.16)	(3.76)
iii Expense recognised in profit or loss (refer note 26)	5.12	3.54
Current service cost	0.11	1.16
Interest cost	5.23	4.70
iv Remeasurements recognised in other comprehensive income		
Actuarial loss on defined benefit obligation	10.83	3.46
Return on plan assets excluding interest income	(2.76)	(4.13)
	8.07	(0.67)
v The major categories of plan assets of the fair value of the total plan assets are as follows:		
Investments quoted in active markets		
Government of India Securities (Central and State)	4.86%	8.28%
High quality corporate bonds (including public sector bonds)	3.85%	6.45%
Cash	5.97%	17.49%
Scheme of insurance - conventional products	85.32%	67.78%
Total	100.00%	100.00%
vi The principal assumptions used in determining gratuity obligations are shown below:		
Discount rate	6.00%	6.90%
Future salary increases	7.75%	7.75%
Employee turnover	Age 20-24 - 12%	Age 20-24 - 12%
	Age 25-34 - 9%	Age 25-34 - 9%
	Age 35-44 - 7%	Age 35-44 - 7%
	Age 45-54 - 4%	Age 45-54 - 4%
	Thereafter 2%	Thereafter 2%
Mortality rate	Mortality (2006-08) Ult.	Mortality (2006-08) Ult.
vii The following payments are expected contributions to the defined benefit plan in future years		
Within the next 12 months (next annual reporting period)	13.16	3.76
Between 2 and 5 years	26.27	31.08
Beyond 5 years	65.75	45.07
Total expected payments	105.18	79.91
The average duration of the defined benefit plan obligation at the end of the reporting period is 8 years (December 31, 2019: 10 years)		

All amount in Indian Rupees in crores, except as stated otherwise

	As at December 31, 2020		As at December 31, 2019	
	Discount rate	Future salary increases	Discount rate	Future salary increases
viii A quantitative sensitivity analysis for significant assumption is as hown below:				
Assumptions				
Sensitivity analysis				
1 percent increase	(6.35)	7.13	(5.08)	5.73
1 percent decrease	7.33	(6.31)	5.83	(5.09)
Impact on defined benefit obligation				

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

(b) Provident fund

Subsequent to the demerger as detailed in note 38(a), the Company continued to participate in the provident fund plan managed by the ABB India Employees' Provident Fund Trust, a provident fund trust for ABB India Limited employees till November 30, 2019. Subject to the formation of its own trust, subsequent to the November 30, 2019, the same has been remitted to the Regional provident fund organisation ('RPFO').

The plan assets as at November 30, 2019 relating to Company's employees are held by 'ABB India Employees' Provident Fund Trust' managed provident fund plan. The Company is in the process of transferring the same to the RPFO. The Company was treating its contribution to ABB India Employees Provident Fund Trust till November 30, 2019 as a defined benefit plan during the period ended December 31, 2019. However, in the current year, the aforesaid trust guaranteed any shortfall in the plan assets (interest and principal). Accordingly, the management of the Company has treated the Provident fund plan as the defined contribution plan and no further disclosures have been made in relation to provident fund plan in the current year and for the comparative period.

The Contribution by employee and employer together with interest are payable at the time of separation from service or retirement whichever is earlier.

32. Financial Instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in the financial statements.

A Fair value of financial assets and financial liabilities

The carrying amount of all financial assets and liabilities appearing in the financial statements is reasonable approximation of fair value. The following tables presents the carrying value and fair value of each category of financial assets and liabilities.

The Company's assets and liabilities which are measured at amortised cost for which fair values are disclosed:

Particulars	All amount in Indian Rupees in crores, except as stated otherwise	
	Carrying and Fair Value	
	As at December 31, 2020	As at December 31, 2019
Financial Assets at amortised cost :		
Loans (refer note 6)	16.26	12.88
Trade receivables (refer note 11)	1,584.50	1,782.85
Cash and cash equivalents (refer note 12)	318.95	188.04
Other financial assets (refer note 13)	83.89	101.28
Financial assets at fair value through profit and loss :		
Derivative instruments (refer note 13)	36.74	24.30
Total financial assets	2,040.34	2,109.35
Financial liabilities at amortised cost:		
Borrowings (refer note 18)	-	347.62
Trade payables (refer note 19)	1,577.98	1,377.10
Lease liabilities (refer note 35(b))	39.07	-
Other financial liability (refer note 17)	96.01	116.66
Financial liabilities at fair value through profit and loss :		
Derivative instruments (refer note 17)	19.79	18.05
Total financial liabilities	1,732.85	1,859.43

Valuation technique and significant unobservable inputs:

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

- (i) The management assessed the trade receivables, trade payables, cash and cash equivalents and other financial assets and financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- (ii) The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:
- (iii) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.
- (iv) The Company enters into derivative financial instruments with banks/financial institutions. Foreign currency forward contracts are valued using valuation techniques which employs the use of market observable inputs using present value calculations. The model incorporates various inputs including the deal specific fundamental, market conditions, maturity period, transaction size, comparable trades, foreign currency spot and forward rates.
- (v) Embedded foreign currency are measured similarly to the foreign currency forward contracts. The embedded derivatives are foreign currency forward contracts which are separated from long-term sales contracts and purchase contracts where the transaction currency differs from the functional currencies of the involved parties. These contracts require physical delivery and will be held for the purpose of the delivery of the commodity in accordance with the buyers' expected sale requirements. These contracts have embedded foreign exchange derivatives that are required to be separated.

B Fair value hierarchy

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at December 31, 2020:

Particulars	All amount in Indian Rupees in crores, except as stated otherwise			
	Amount	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss :				
Derivative instruments (refer note 13) - As at December 31, 2020	36.74	-	36.74	-
Derivative instruments (refer note 13) - As at December 31, 2019	24.30	-	24.30	-
Financial liabilities at fair value through profit and loss :				
Derivative instruments (refer note 17) - As at December 31, 2020	19.79	-	19.79	-
Derivative instruments (refer note 17) - As at December 31, 2019	18.05	-	18.05	-

(ii) There have been no transfers between Level 1, Level 2 and Level 3 for the period ended December 31, 2020 and December 31, 2019.

C Financial risk management

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to support its operations. The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, foreign currency risk, liquidity risk and credit risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Risk management committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, trade payables, deposits, investments, trade receivables, other financial assets and derivative financial instruments.

Commodity contracts

The Company uses commodity future contracts to hedge risk against fluctuation in commodity prices. The following are outstanding future contracts entered into by the Company as on December 31, 2020.

Year	Commodity	Number of contracts	Contractual quantity	Buy /Sell
As at December 2020	Copper	30	1029 MT	Buy
As at December 2020	Aluminum	9	28 MT	Buy
As at December 2019	Copper	23	783 MT	Buy
As at December 2019	Aluminum	2	74 MT	Buy

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities. The Company's risk management policy is to hedge foreign currency exposures above certain thresholds.

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not Company's functional currency (₹).

(a) Unhedged in foreign currency exposure

The following table analyses the unhedged portion of foreign currency exposure:

Particulars	SEK	BTN	BDT	AUD	ZAR	Others
Receivables						
As at December 31, 2020						
Foreign currency (In Crores)	2.71	15.42	1.73	0.11	0.30	1.36
Indian Rupees (In Crores)	24.24	15.42	1.47	6.41	1.47	0.72
1 percent increase	0.24	0.15	0.01	0.06	0.01	0.01
1 percent decrease	(0.24)	(0.15)	(0.01)	(0.06)	(0.01)	(0.01)
As at December 31, 2019						
Foreign currency (In Crores)	0.79	8.76	7.05	0.02	0.57	7.73
Indian Rupees (In Crores)	6.04	8.76	5.81	1.12	2.88	3.19
1 percent increase	0.06	0.09	0.06	0.01	0.03	0.03
1 percent decrease	(0.06)	(0.09)	(0.06)	(0.01)	(0.03)	(0.03)
Payables						
As at December 31, 2020						
Foreign currency (In Crores)	1.00	0.79	1.60	1.73	5.01	4.76
Indian Rupees (In Crores)	72.99	65.52	17.88	1.73	4.25	13.71
1 percent increase	0.73	0.66	0.18	0.02	0.04	0.14
1 percent decrease	(0.73)	(0.66)	(0.18)	(0.02)	(0.04)	(0.14)
As at December 31, 2019						
Foreign currency (In Crores)	-	-	0.92	3.88	11.74	6.84
Indian Rupees (In Crores)	-	-	9.38	3.88	9.67	4.48
1 percent increase	-	-	0.09	0.04	0.10	0.04
1 percent decrease	-	-	(0.09)	(0.04)	(0.10)	(0.04)

(b) Forward contracts outstanding:

Currency	December 31, 2020			December 31, 2019		
	Number of contracts	Amount in Foreign currency crores	(₹ in Crores)	Number of contracts	Amount in Foreign currency crores	(₹ in Crores)
Exports						
AUD	1	0.02	1.01	7	0.09	4.40
CHF	27	0.46	38.61	12	0.34	26.79
EUR	36	0.45	40.93	53	0.88	73.52
SEK	2	2.22	18.55	4	3.43	32.19
USD	139	3.51	273.76	154	2.20	158.33
ZAR	1	0.14	0.62	-	-	-
			373.48			295.23

Currency	December 31, 2020			December 31, 2019		
	Number of contracts	Amount in Foreign currency crores	(₹ in Crores)	Number of contracts	Amount in Foreign currency crores	(₹ in Crores)
Imports						
CHF	26	0.65	53.36	33	0.70	52.61
EUR	41	0.63	56.70	88	1.11	93.15
SEK	35	9.90	81.96	67	14.33	116.27
USD	57	0.84	63.72	159	2.61	188.72
CNY	25	0.74	8.23	43	2.68	27.43
CNH	-	-	-	1	0.00	0.02
			263.97			478.20

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to changes in interest rates relates primarily to the Company's outstanding payable to ABB India Limited and working capital facility obtained from banks.

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

	All amount in Indian Rupees in crores, except as stated otherwise	
	December 31, 2020	December 31, 2019
Payable to ABB India Limited (refer note 18)	-	347.62

The above loan carried an interest rate of 10 percent. The interest rate was fixed, hence there was no interest rate risk applicable for the Company. The loan was repaid in full on February 11, 2020 and there was no working capital loan outstanding as at December 31, 2020.

(iv) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments that are subject to credit risk and concentration thereof principally consist of loan receivables, trade receivables, derivatives, cash and cash equivalents, bank balances and other financial assets of the Company, as well as credit exposure to clients.

The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

(a) Trade receivables and financial assets

Trade receivables consists of a large number of customers spread across diverse industries.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable. Under the simplified approach, the Company tracks changes in credit risk. Further, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At year end, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivable and the amount of the loss is recognised in the statement of profit and loss within other expenses.

Specific allowance for loss has also been provided by the management based on expected recovery on individual customers.

The provision provided in books for trade receivables overdue:

Reconciliation of loss allowance

Particulars	All amount in Indian Rupees in crores, except as stated otherwise	
	December 31, 2020	December 31, 2019
Balance at the beginning of the period	196.64	-
Transfer as part of scheme of arrangement	-	200.92
Add: Additional ECL provision / (reversal)	-	(2.98)
Add: Additional provision	47.01	20.67
Less: Utilisation/reversal	34.58	21.97
Balance at the end of the period	209.07	196.64

Management does not expect any significant loss from non-performance by counterparties on credit granted during the financial year that has not been provided for.

(b) Other than trade receivables and financial assets

Management believes that the parties from which the receivables are due have strong capacity to meet the obligations and risk of default is negligible or nil and accordingly no significant provision for expected credit loss has been recorded.

c) Credit risk from balances with bank and financial institutions is managed by the Company's treasury department in accordance with the Company's policy.

(v) Liquidity Risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company maintains flexibility in funding by maintaining availability under committed credit lines.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

All amount in Indian Rupees in crores, except as stated otherwise				
As at December 31, 2020				
Particulars	On demand	Less than 1 year	More than 1 year	Total
Non-derivatives				
Borrowings	-	-	-	-
Other financial liability	-	95.14	0.87	96.01
Lease liabilities	-	14.43	33.39	47.82
Trade payables	-	1,577.98	-	1,577.98
Total non-derivative liabilities	-	1,687.55	34.26	1,721.81
Derivatives (net settled) (refer note 17)				
Embedded derivatives	-	15.25	-	15.25
Foreign currency forward contracts	-	4.54	-	4.54
Total derivative liabilities	-	19.79	-	19.79

All amount in Indian Rupees in crores, except as stated otherwise				
As at December 31, 2019				
Particulars	On demand	Less than 1 year	More than 1 year	Total
Non-derivatives				
Borrowings	-	347.62	-	347.62
Other financial liability	-	115.47	1.19	116.66
Lease liabilities	-	-	-	-
Trade payables	-	1,377.10	-	1,377.10
Total non-derivative liabilities	-	1,840.19	1.19	1,841.38
Derivatives (net settled) (refer note 17)				
Embedded derivatives	-	8.98	-	8.98
Foreign currency forward contracts	-	9.07	-	9.07
Total derivative liabilities	-	18.05	-	18.05

33. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the shareholders of the Company. Net debt includes borrowings, trade payables, lease liabilities and other financial liability net of cash and cash equivalents. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

All amount in Indian Rupees in crores, except as stated otherwise		
Particulars	December 31, 2020	December 31, 2019
Borrowings	-	347.62
Trade payables	1,577.98	1,377.10
Lease liabilities	39.07	-
Other financial liability	115.80	134.71
Less: Cash and cash equivalents	318.95	188.04
Net debt	1,413.90	1,671.39
Total equity	932.52	839.82
Capital and net debt	2,346.42	2,511.21
Gearing ratio	60%	67%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended December 31, 2020.

34. Contingent liabilities and contingent assets

All amount in Indian Rupees in crores, except as stated otherwise		
	December 31, 2020	December 31, 2019
Contingent liabilities (Claims against the Company not acknowledged as debts)		
Other matters	55.71	55.92
	55.71	55.92

The Company does not have any contingent assets at the balance sheet date.

The Company is contesting the demands and the management believes that its position will likely be upheld in the various appellate authorities/courts. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position.

In respect of the above contingent liabilities, the future cash outflows are determinable only on receipt of judgement pending at various forums/authorities.

The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. The management is of the view that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Company has made a provision for provident fund contribution pursuant to the judgement only from the date of the Supreme Court Order. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Company does not expect any material impact of the same.

35. Commitments

All amount in Indian Rupees in crores, except as stated otherwise		
	December 31, 2020	December 31, 2019
(a) Capital commitments		
Estimated amount of contracts remaining to be executed on account of capital commitments and not provided for (net of advances)	59.42	50.66
(b) Leases		

Effective January 1, 2020, the Company has adopted Ind AS 116, Leases (which replaces the earlier Lease standard) under the modified retrospective approach. Accordingly, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate as on the date of transition and has measured right of use asset at an amount equal to lease liability, adjusted for any related prepaid and accrued lease payments previously recognised. There is an impact of ₹ 1.06 crores (net of tax ₹ 0.34 crores) on transition to Ind AS 116 on opening retained earnings as on January 1, 2020. The comparative information continues to be reported under Ind AS 17.

The Company has lease contracts for building, leasehold land and vehicles used in its operations. Leases of building have lease terms between 2 and 9 years, land is 98 years and motor vehicles have lease terms between 4 and 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets and some contracts require the Company to maintain certain financial ratios. Some of the lease agreements have escalation clause ranging from 0 percent to 6 percent (December 31, 2019: 5 percent to 15 percent). There are several lease contracts that include extension and termination options and variable lease payments.

The Company also has certain leases of machinery/Computer equipments with lease terms of 12 months or less and with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. The Company applied a single discount rate to leases of similar economic environment with a similar end date and excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Refer note 3 for carrying value of right of use assets recognised on date of transition and the movements thereof during the year ended December 31, 2020.

Below are the carrying amounts of lease liabilities and the movements during the year:

All amount in Indian Rupees in crores, except as stated otherwise		
Particulars	December 31, 2020	December 31, 2019
As at January 1	-	-
On account of transition to Ind AS 116	31.74	-
Additions	16.86	-
Accretion of interest	2.27	-
Payments	(11.80)	-
As at December 31	39.07	-

All amount in Indian Rupees in crores, except as stated otherwise

Particulars	December 31, 2020	December 31, 2019
Current	11.87	-
Non-current	27.20	-

The following are the amounts recognised in profit or loss for the year ended December 31, 2020:

Particulars	Amount
Depreciation charge of right-of-use assets	10.78
Interest expense on lease liabilities	2.27
Expense relating to short-term leases and leases of low-value assets (included in other expenses)	6.68
	19.73

The Company had total cash outflows for leases of ₹ 18.48 crores for the year ended December 31, 2020.

The maturity analysis of lease liabilities are disclosed in Note 32.

The effective interest rate for lease liabilities is 5 percent to 7 percent.

The lease liabilities as at January 1, 2020 can be reconciled to the operating lease commitments as of December 31, 2019, as follows:

Particulars	Amount
Operating lease commitments as at December 31, 2019	36.07
Weighted average incremental borrowing rate as at January 1, 2020	6%
Discounted operating lease commitments as at January 1, 2020	31.74
Lease liabilities as at January 1, 2020	31.74

The effect of adoption Ind AS 116 as at January 1, 2020 (increase/(decrease)) is, as follows:

Particulars	Amount
Assets	
Right of use assets	30.58
Prepaid rent adjustment	(0.24)
Total assets	30.34
Liabilities	
Lease liability	(31.74)
Total liabilities	(31.74)
Total adjustment on equity	
Retained earnings	(1.40)
Tax impact	0.34
Retained earnings (net of tax)	(1.06)

36. Segment information

An operating segment is a component that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the other components, whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker (CODM) to make decisions about resource allocation and performance assessment and for which discrete financial information is available. The Company is engaged in the business relating to products, projects and services for electricity transmission and related activities. Accordingly, the Company's activities and business is reviewed regularly by the chief operating decision maker from an overall business perspective, rather than reviewing its products/services as individual standalone components. Thus, the Company has only one operating segment, and has no reportable segment in accordance with Ind AS- 108 'Operating Segments'.

(i) The entity wide disclosures as required by Ind AS-108 are as follows:

All amount in Indian Rupees in crores, except as stated otherwise

Description	For the year ended December 31, 2020	For the period from February 19, 2019 to December 31, 2019
Sale of products	2,337.90	1,858.16
Revenue from execution of contracts for projects and services	938.84	1,284.37
Sale of services	71.00	47.29
Other operating revenues	72.70	46.24
Revenue from operations	3,420.44	3,236.06

(ii) Geographical information

All amount in Indian Rupees in crores, except as stated otherwise		
Revenue from customers	For the year ended December 31, 2020	For the period from February 19, 2019 to December 31, 2019
India	2,804.12	2,705.29
Other countries*	616.32	530.77
	3,420.44	3,236.06
*Exports to any single country are not material to be disclosed.		
Non-current assets**	December 31, 2020	December 31, 2019
India	693.27	637.99
Other countries*	-	-
	693.27	637.99

** Non current assets does not include deferred tax assets, financial assets and non-current tax assets.

(iii) Power Grid Corporation of India Limited account for more than 10 percent of Company's total revenue from operations. Also refer note 39¹.**37. Revenue from contracts with customers****a) Disaggregated revenue information**

All amount in Indian Rupees in crores, except as stated otherwise		
Revenue by geography	For the year ended December 31, 2020	For the period from February 19, 2019 to December 31, 2019
India	2,804.12	2,705.29
Other countries*	616.32	530.77
	3,420.44	3,236.06

* Exports to any single country are not material to be disclosed.

All amount in Indian Rupees in crores, except as stated otherwise		
Revenue by offerings	For the year ended December 31, 2020	For the period from February 19, 2019 to December 31, 2019
Sale of products	2,337.90	1,858.16
Revenue from execution of contracts for projects and services	938.84	1,284.37
Sale of services	71.00	47.29
Other operating revenue	72.70	46.24
	3,420.44	3,236.06

b) Contract balances

All amount in Indian Rupees in crores, except as stated otherwise		
	December 31, 2020	December 31, 2019
Trade receivables (refer note 11)	1,584.50	1,782.85
Advance from customer (refer note 20)	276.79	313.59
Billing in excess of contract revenue (refer note 20)	358.72	246.70
Contract assets (refer note 14)	125.99	136.95
Contract revenue in excess of billing / unbilled revenue (refer note 13)	60.82	66.45

A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer and hence is not a financial instrument. In Company's contracts with customers, since the contractual right to payment arises only upon achievement of milestones specified in the contract, it is believed that the performance completed until the achievement of a particular milestone should be recorded as a contract asset under non-financial assets.

During the period ₹ 113.02 crores of contract assets pertaining to the long term contracts as of January 1, 2020 has been reclassified to trade receivables upon billing to customers on completion of milestones.

During the period, the Company has recognised of ₹ 222.03 crores arising from opening billing in excess of contract revenue as of January 1, 2020.

c) No significant adjustments are expected in contract price for revenue recognised in statement of profit and loss.**d) Performance Obligation**

Information about the Company's performance obligations are summarised below:

- i) Long-term (Construction type) contracts** - The long term contracts are ordinarily presumed to consist of combined obligations which are not distinct in the context of the contract (i.e., single performance obligation). This is highly attributed to the long-term construction nature of the projects, whereby deliverables are typically highly interrelated and combined. The typical scope of turnkey contracts arrangements includes engineering, manufacturing, shipment, delivery installation, testing, erection and commissioning and civil works. Although there are several components to the overall scope of the contract, the turnkey contracts are generally considered one performance obligation.
- ii) Products manufacturing and erection, commissioning and installation contracts** - These contracts comprising of two performance obligations of supply of products and erection and commissioning thereof. When the manufacturing stage is complete, factory acceptance testing procedures are performed to ensure the equipment meets customer specifications and may involve the customer physically observing the testing procedures. Revenue from contracts, where the performance obligations are satisfied over time and other consideration, is recognized as per the percentage of completion method. The Company uses the percentage of completion method based on the costs expended to the date as a proportion of the total costs to be expended.

For certain products like transformers and gas insulated switchgears, percentage of completion is followed basis acceptance of "Factory Acceptance Test" (FAT) carried by the customer basis the Company's assessment that these products being manufactured have an alternative use till the time FAT is carried out.

Company as part of its contracts, provides warranties of the equipment for defects arising out of poor workmanship, inferior material or manufacturing. Such warranty provided is in the nature of assurance warranty and is not accounted for as a separated performance obligation.

e) Remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue.

The aggregate value of performance obligations that are completely or partially unsatisfied as at December 31, 2020 is ₹ 4,954.76 crores (December 31, 2019 is ₹ 5,100.65 crores). The conversion to revenue is highly dependent on meeting the delivery schedules, contractual terms and conditions with customers, availability of customer sites, changes/variation in scope/prices etc. In view of these, it is not practical to define the accurate percentage of conversion to revenue. However, it will be in a range of 1 to 3 years.

- f)** There was no revenue recognised in the current year ended December 31, 2020 from performance obligations satisfied (or partially satisfied) in previous periods due to no significant changes in transaction price.

38 a) Business restructuring

Scheme of arrangement

The Board of directors of ABB India Limited on March 5, 2019 approved the Scheme of Arrangement under Sections 230-232 and other applicable provisions of the Companies Act, 2013 ('the Scheme') between ABB India Limited ('transferor Company'), ABB Power Products and Systems India Limited ("Resulting Company' or, 'APPSIL") and their respective shareholders and creditors for the demerger of Power Grid business from ABB India Limited into the Company. The appointment date for the Scheme was April 01, 2019. The scheme was approved by to National Company Law Tribunal (NCLT), Bengaluru Bench vide its order dated. November 27, 2019 and a certified copy has been filed by the Company with the Registrar of Companies, Bengaluru, on December 1, 2019 (effective date). The financial statements of the Company have been prepared considering the effect of the scheme of arrangement from the Appointed date i.e., April 01, 2019. The scheme has been considered in these financial statements by transferring the assets and liabilities as identified by the management as pertaining to the Power Grid business of ABB India Limited to APPSIL with effect from the "Appointed Date" at their respective book values, as follows;

All amount in Indian Rupees in crores, except as stated otherwise

Particulars	Amount
Assets	
Property, plant and equipment	523.33
Capital work-in-progress	37.86

Goodwill	31.80
Other intangible assets	12.42
Other non-current assets	7.20
Other financial assets	270.85
Inventories	469.58
Trade receivables	1,407.44
Loans	8.25
Other current assets	63.39
Total-A	2,832.12
Liabilities	
Other financial liabilities	101.24
Deferred tax liabilities (net)	10.95
Trade payables	1,071.63
Other financial liabilities	223.30
Other current liabilities	608.10
Provisions	142.97
Total-B	2,158.19
Net assets (A-B)	673.93

As per the applicable accounting standard Ind AS 103 ('standard'), since this demerger is a common control business combination, the financial information necessitates restatement by the Company at carrying amounts not from the appointed date but from the beginning of the preceding period in the financial statements which happens to be the date of incorporation i.e. February 19, 2019. Consequentially, the Company is required to give effect to the business combination from February 19, 2019 (date of its incorporation). However, the Company has recognised the impact of the business combination only from April 1, 2019 (i.e. the appointed date specified in the scheme of arrangement). The Company of the view that due to incoherence between the appointed date i.e., April 1, 2019 and date of incorporation i.e. February 19, 2019 and requirements of Ind AS 103 such a one off situation has arisen. Thus, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the period do not contain the impact of the transactions of the demerged undertaking from February 19, 2019 to March 31, 2019. However, there is no impact of the same on the Company's balance sheet as at December 31, 2020 and December 31, 2019 respectively.

As consideration for the value of net assets transferred, the Company has issued 1 (One) fully paid up equity share of ₹ 2 each for every 5 (Five) Equity shares of ₹ 2 each held by existing shareholders in ABB India Limited. There is no contingent consideration payable pursuant to this acquisition.

Further, as per the Scheme, the deficit, if any, between the carrying value of assets, liabilities and reserves transferred to the "Resulting Company" and the consideration discharged by way of the New Equity Shares issued to the shareholders of the "transferor" in lieu of the Demerged Undertaking has been recorded as 'Amalgamation Adjustment Deficit Account' in the books of the "Resulting Company".

Further, the Company has incurred the following cost due to the demerger which has been classified as exceptional items in the statement of profit and loss:

All amount in Indian Rupees in crores, except as stated otherwise

Particulars	December 31, 2020	December 31, 2019
Stamp duty charges	-	37.23
Professional charges	7.43	1.93
Others	-	1.63
Total	7.43	40.79

b) Provision towards doubtful customer receivables and additional project cost

During the year, the Company has re-evaluated its claims/dues in respect of certain old, slow moving contracts. Whilst the Company is actively pursuing its dues from these customers, in view of significant delays by customers and based on the analysis of the customer's ability to pay, the Company has made additional provisions aggregating to ₹ 28.07 crores and the same has been disclosed as an exceptional item in the statement of profit and loss.

39. Related party disclosures

Party where control exists: (refer note 15(f))

ABB Limited, Zurich, Switzerland (Ultimate Holding Company)
 ABB Asea Brown Boveri Limited, Zurich, Switzerland (Holding Company)
 Hitachi Limited (Ultimate Holding Company) (w.e.f. July 1, 2020)
 Hitachi ABB Power Grids Limited (subsidiary of Hitachi Limited)
 Entities under common control

Name of the Fellow subsidiaries:

ABB (China) Ltd., Beijing, China
 ABB (Hong Kong) Ltd., Hong Kong
 Hong Kong Special Administrative Region of China
 ABB (Namibia) (Pty) Ltd., Windhoek, Namibia
 ABB (Private) Ltd., Harare, Zimbabwe
 ABB (Pty) Ltd., Gaborone, Botswana
 ABB A/S, Skovlunde, Denmark
 ABB AB, Västerås, Sweden
 ABB AG, Mannheim, Germany
 ABB AS, Billingstad, Norway
 ABB Asea Brown Boveri Ltd, Zurich, Switzerland
 ABB Asea Brown Boveri SRL, Bucharest, Romania
 ABB Australia Pty Limited, Moorebank, NSW, Australia
 ABB Automation (Thailand) Co., Ltd., Bangkok, Thailand
 ABB Automation GmbH, Mannheim, Germany
 ABB B.V., Rotterdam, Netherlands
 ABB Beijing Switchgear Limited, Beijing, China
 ABB Bulgaria EOOD, Sofia, Bulgaria
 ABB Business Services Sp. z o.o., Warsaw, Poland
 ABB Chongqing Transformer Company Ltd., Chongqing, China
 ABB Contracting Company Ltd., Riyadh, Saudi Arabia
 ABB Ecuador S.A., Quito, Ecuador
 ABB Electrical Equipment (Xiamen) Co., Ltd., Xiamen, China
 ABB Electrical Industries Co. Ltd., Riyadh, Saudi Arabia
 ABB Elektrik Sanayi A.S., Istanbul, Turkey
 ABB Engg. Technologies Co. (KSCC), Safat, Kuwait
 ABB Enterprise Software (PGHV US non-legal entity), Mt. Pleasant, PA, United States
 ABB Enterprise Software (PGTR BL non-legal entity), Bland, VA, United States
 ABB Enterprise Software (PGTR SL non-legal entity), St. Louis, MO, United States
 ABB Enterprise Software Inc., Atlanta, GA, United States
 ABB Enterprise Software Inc., Cary, NC, United States
 ABB for Electrical Industries (ABB ARAB) S.A.E., Cairo, Egypt
 ABB for Power Grids S.A.E, Cairo, Egypt
 ABB Global Industries and Services Private Limited, Bengaluru, India
 ABB Global Marketing FZ LLC, Dubai, United Arab Emirates
 ABB High Voltage Switchgear (Xiamen) Company Ltd., Xiamen, China
 ABB High Voltage Switchgear Co., Ltd. Beijing, Beijing, China
 ABB Inc., Cary, NC, United States
 ABB Inc., Saint-Laurent, Quebec, Canada
 ABB India Limited, Bengaluru, India
 ABB Industries (L.L.C.), Dubai, United Arab Emirates
 ABB Industries FZ, Dubai, United Arab Emirates
 ABB Information Systems Ltd., Zurich, Switzerland
 ABB Jiangsu Jingke Instrument Transformer Co., Ltd., Suqian, Jiangsu, China
 ABB K.K., Tokyo, Japan
 ABB Limitada, Maputo, Mozambique
 ABB Limited, Auckland, New Zealand
 ABB Limited, Bangkok, Thailand
 ABB Limited, Dar Es Salaam, United Republic of Tanzania
 ABB Limited, Dhaka, Bangladesh
 ABB Limited, Dublin, Ireland
 ABB Limited, Nairobi, Kenya
 ABB Limited, Warrington, United Kingdom
 ABB Limited/Jordan LLC., Amman, Jordan
 ABB LLC, Doha, Qatar
 ABB LLC., Muscat, Oman
 ABB Ltd., Hanoi, Vietnam
 ABB Ltd., Kampala, Uganda
 ABB Ltd., Lusaka, Zambia
 ABB Ltd., Moscow, Russian Federation
 ABB Ltd., Seoul, Republic of Korea
 ABB Ltd., Taipei, Taiwan (Chinese Taipei)
 ABB Ltda., Guarulhos, Brazil
 ABB Ltda., São Paulo, Brazil
 ABB Malaysia Sdn Bhd., Subang Jaya, Malaysia
 ABB Management Holding Ltd., Zürich, Switzerland
 ABB Management Services Ltd., Zurich, Switzerland
 ABB Mexico S.A. de C.V., San Luis Potosí SLP, Mexico
 ABB N.V., Zaventem, Belgium
 ABB Near East Trading Ltd., Amman, Jordan
 ABB Oy, Helsinki, Finland
 ABB PG Muscat LLC, Muscat, Oman
 ABB PG Power Grids Ltd, Zurich, Switzerland
 ABB Power Grids Argentina S.A.U., Ciudad Autonoma de Buenos Aires, Argentina
 ABB Power Grids Australia Pty Ltd, Brisbane, Queensland, Australia
 ABB Power Grids Bulgaria EOOD, Sevelievo, Bulgaria
 ABB Power Grids Canada Inc, Saint-Laurent, Quebec, Canada
 ABB Power Grids Chile SA, Santiago, Chile
 ABB Power Grids Co., Ltd., Taipei, Taiwan (Chinese Taipei)
 ABB Power Grids Colombia Ltda, Bogotá, Colombia
 ABB Power Grids Czech Republic s.r.o, Trutnov, Czech Republic
 ABB Power Grids Denmark A/S, Skovlunde, Denmark
 ABB Power Grids Finland Oy, Vaasa, Finland
 ABB Power Grids Germany AG, Mannheim, Germany
 ABB Power Grids Greece Single Member SA, Metamorphosis Attica, Greece
 ABB Power Grids Hong Kong Limited, Hong Kong, Hong Kong Special Administrative Region of China
 ABB Power Grids International Marketing FZ-LC, Dubai, United Arab Emirates
 ABB Power Grids Investment (China) Limited, Beijing, China
 ABB Power Grids Ireland Limited, Dublin, Ireland
 ABB Power Grids Italy S.p.A., Milano, Italy
 ABB Power Grids Korea Ltd., Seoul, Republic of Korea
 ABB Power Grids LLC, Dubai, United Arab Emirates
 ABB Power Grids Ltd., Moscow, Russian Federation
 ABB Power Grids Malaysia Sdn Bhd, Kuala Lumpur, Malaysia
 ABB Power Grids Malaysia Sdn Bhd, Selangor, Malaysia
 ABB Power Grids New Zealand Limited, Auckland, New Zealand
 ABB Power Grids Norway AS, Billingstad, Norway
 ABB Power Grids Peru S. A., Lima, Peru
 ABB Power Grids Poland Sp. z o.o., Warsaw, Poland
 ABB Power Grids Singapore Pte. Ltd., Singapore
 ABB Power Grids Solutions FZCO, Dubai, United Arab Emirates
 ABB Power Grids South Africa (Pty) Ltd, Johannesburg, South Africa
 ABB Power Grids Spain, S.A., Madrid, Spain
 ABB Power Grids Sweden AB, Västerås, Sweden
 ABB Power Grids Switzerland Ltd, Baden, Switzerland
 ABB Power Grids Systems LLC, Abu Dhabi, United Arab Emirates
 ABB Power Grids The Netherlands B.V., Rotterdam, Netherlands
 ABB Power Grids Turkey Elektrik Sanayi Anonim Şirketi, Istanbul, Turkey
 ABB Power Grids UK Limited, Stone, United Kingdom
 ABB Power Grids Zagreb d.o.o., Zagreb, Croatia
 ABB Power Systems Portugal, S.A, Oeiras, Portugal
 ABB Power Technology Services Private Limited, Bengaluru, India
 ABB Pte. Ltd., Singapore
 ABB S.A., Buenos Aires, Argentina
 ABB S.A., Casablanca, Morocco
 ABB S.A., Lima, Peru
 ABB S.A., Santiago, Chile
 ABB S.p.A., Milan, Italy
 ABB s.r.o., Prague, Czech Republic
 ABB SARL, Kinshasa Gombe, Democratic Republic of the Congo
 ABB Schweiz AG, Baden, Switzerland
 ABB Sécheron S.A., Satigny, Switzerland
 ABB Sifang Power System Co. Ltd., Beijing, China
 ABB South Africa (Pty) Ltd., Modderfontein, South Africa
 ABB Sp. z o.o., Warsaw, Poland
 ABB SRL, Bucharest, Romania
 ABB Substations Contracting India Private Limited, Bengaluru, India
 ABB Supply Operations Ltd., Baden, Switzerland
 ABB Technologies Ltd., Haifa, Israel
 ABB Technology SA, Abidjan, Cote d'Ivoire
 ABB Transformers S.A.E., New Cairo, Egypt
 ABB Transmission & Distribution Limited LLC, Abu Dhabi, United Arab Emirates
 ABB Xiamen Surge Arrestor Co., Ltd., Xiamen, China
 ABB Xi'an Power Capacitor Company Limited, Xi'an, China
 ABB, Inc., Paranaque, Metro Manila, Philippines
 ABB NG Limited, Lagos, Nigeria
 ABB Power Grids Philippines, Inc., Paranaque City, Philippines
 Asea Brown Boveri Electrica SGPS (Angola) Limitada, Luanda, Angola
 Asea Brown Boveri Lanka (Private) Limited, Colombo, Sri Lanka
 Asea Brown Boveri Ltd., Moka, Mauritius
 Asea Brown Boveri S.A., Madrid, Spain
 PT ABB Sakti Industri, Jakarta, Indonesia
 PT. ABB Power Grids Indonesia, Jakarta, Indonesia
 Pucaro Elektro-Isolierstoffe GmbH, Roigheim, Germany
 Sucursal Panama de ABB SA, Panama, Panama
 Trasfor SA; Monteggio; Switzerland
 ABB Power Grids Belgium N.V., Zaventem, Belgium
 Hitachi Limited

Key managerial personnel :

(a) Managing Director and Chief Executive Officer	Venu Nuguri
(b) Non-Executive director	Achim Michael Braun (appointed w.e.f. February 25, 2021) Ismo Antero Haka (appointed w.e.f. February 25, 2021) Frank Duggan (resigned w.e.f. February 25, 2021) Sanjeev Sharma (resigned w.e.f. February 25, 2021)
(c) Non-executive cum Independent Directors	Akhila Krishnakumar Nishi Vasudeva Mukesh Hari Butani
(d) Chief Financial Officer	Ajay Singh
(e) Company secretary	Poovanna C Ammatanda

Transactions with related parties

Transaction value in excess of 10 percent with a fellow subsidiary has been individually disclosed below. All other cases have been grouped and disclosed as 'other fellow subsidiaries'.

All amount in Indian Rupees in crores, except as stated otherwise

	For the year ended December 31, 2020	For the period from February 19, 2019 to December 31, 2019
i) Revenue from operations		
Fellow subsidiaries		
- ABB India Limited; Bengaluru; India ¹	1,146.83	453.19
- ABB Power Grids Sweden AB; Västerås; Sweden	88.27	20.25
- ABB Schweiz AG, Baden, Switzerland	16.52	90.86
- Other fellow subsidiaries	357.82	258.79
	1,609.44	823.09
ii) Purchases of raw materials, components, project items and stock-in-trade		
Fellow subsidiaries		
- ABB India Limited; Bengaluru; India ¹	242.45	229.17
- ABB Power Grids Sweden AB; Västerås; Sweden	143.82	86.13
- ABB Ltd.; Hanoi; Vietnam	56.78	4.46
- Other fellow subsidiaries	108.80	154.95
	551.85	474.71
iii) Expenditure on royalty, technology and trade-mark fees		
Holding company	-	35.26
Fellow subsidiaries		
- ABB Schweiz AG, Baden, Switzerland	81.03	129.64
- ABB Power Grids Switzerland Ltd, Baden, Switzerland	64.46	-
- Other fellow subsidiaries	48.30	0.28
	193.79	165.18
iv) Expenditure on information technology, engineering, management and other services		
Ultimate holding company		0.09
Fellow subsidiaries		
- ABB India Limited; Bengaluru; India	58.67	24.62
- ABB Management Holding Ltd.; Zürich; Switzerland	43.29	55.82
- ABB PG Power Grids Ltd; Zurich; Switzerland	36.11	-
- ABB Information Systems Ltd., Zurich, Switzerland	35.99	-
- Other fellow subsidiaries	47.66	29.54
	221.72	110.07
v) Expenses recovered from group companies		
Fellow subsidiaries		
- ABB Management Holding Ltd.; Zürich; Switzerland	8.95	1.81
- ABB India Limited; Bengaluru; India	2.04	0.61
- ABB Power Grids Chile SA; Santiago; Chile	-	2.34
- PT ABB Sakti Industri; Jakarta; Indonesia	-	2.16
- ABB Power Grids Argentina S.A.U.; Ciudad Autonoma de Buenos Aires; Argentina	-	1.86
- Other fellow subsidiaries	6.70	7.15
	17.69	15.93
vi) Other capital expenditure		
Fellow subsidiaries		
- ABB India Limited; Bengaluru; India	16.64	2.96
- ABB Schweiz AG; Baden; Switzerland	0.54	0.61
- ABB Power Grids Sweden AB; Västerås; Sweden	-	0.97
- Other fellow subsidiaries	0.34	0.27
	17.52	4.81
vii) Interest expenses		
Fellow subsidiaries		
- ABB India Limited; Bengaluru; India	3.85	12.23
viii) Loan taken		
- ABB India Limited; Bengaluru; India	-	347.62
ix) Loan repaid		
- ABB India Limited; Bengaluru; India	347.62	-

All amount in Indian Rupees in crores, except as stated otherwise

	For the year ended December 31, 2020	For the period from February 19, 2019 to December 31, 2019
x) Remuneration to key managerial personnel		
The remuneration of key management personnel and a relative of key management personnel of the Company are set out below in aggregate for each of the categories specified in Ind AS 24 Related party disclosures		
Particulars		
Short-term employee benefits	4.37	0.32
Post employment benefits#	0.29	0.02
Directors' sitting fees	0.10	-
Commission to directors	1.10	-
Total		
# Does not include gratuity and compensated absences as these are provided in the books of accounts on the basis of actuarial valuation for the Company as a whole and hence individual amount cannot be determined.		

Amount due to/from related parties

Balances in excess of 10 percent with a fellow subsidiary has been individually disclosed below. All other cases have been grouped and disclosed as 'other fellow subsidiaries'.

All amount in Indian Rupees in crores, except as stated otherwise

	As at December 31, 2020	As at December 31, 2019
i) Trade receivables		
Fellow Subsidiaries		
- ABB India Limited; Bengaluru; India ¹	316.58	589.34
- Other fellow subsidiaries	141.17	123.36
	457.75	712.70
- Add/(Less) : Impact of foreign currency restatement	1.16	1.11
	458.91	713.81
ii) Other financial assets		
Fellow subsidiaries		
- ABB India Limited; Bengaluru; India ¹	14.15	18.91
- ABB South Africa (Pty) Ltd.; Modderfontein; South Africa	-	12.03
- Other fellow subsidiaries	0.90	6.58
	15.05	37.52
- Add / (Less) : Impact of foreign currency restatement	0.07	-
	15.12	37.52
iii) Other current assets		
Fellow subsidiaries		
- ABB Power Grids Sweden AB; Västerås; Sweden	29.03	6.46
- ABB Schweiz AG, Baden, Switzerland	1.42	1.42
- Other fellow subsidiaries	3.22	0.40
	33.67	8.28
- Add/(Less) : Impact of foreign currency restatement	3.01	0.29
	36.68	8.57
iv) Trade payables		
Fellow subsidiaries		
- ABB India Limited; Bengaluru; India ¹	195.46	243.13
- ABB Power Grids Sweden AB; Västerås; Sweden	105.40	65.03
- Other fellow subsidiaries	336.67	96.90
	637.53	405.06
- Add/(Less): Impact of foreign currency restatement	13.13	2.48
	650.66	407.54
v) Other financial liabilities		
Fellow subsidiaries		
- ABB India Limited; Bengaluru; India	36.94	45.18
- ABB Schweiz AG; Baden; Switzerland	-	0.68
- Other fellow subsidiaries	2.17	1.20
	39.11	47.06
- Add/(Less) : Impact of foreign currency restatement	0.64	0.06
	39.75	47.12

All amount in Indian Rupees in crores, except as stated otherwise

	As at December 31, 2020	As at December 31, 2019
vi Other current liabilities		
Fellow subsidiaries		
- ABB Power Grids Korea Ltd.; Seoul; Korea, Republic of Korea	2.86	-
- ABB Power Grids The Netherlands B. V.; Rotterdam; Netherlands	0.97	-
- ABB Ltd.; Hanoi; Vietnam	0.68	1.78
- ABB South Africa (Pty) Ltd.; Modderfontein; South Africa	0.18	22.81
- ABB Schweiz AG, Baden, Switzerland	-	2.59
- Other fellow subsidiaries	1.63	1.62
	6.32	28.80
- Add/(Less): Impact of foreign currency restatement	0.05	0.16
	6.37	28.96

¹ Pursuant to demerger of Power Grid business from ABB India Limited ('ABB') in the previous year, the Company has accounted sales and purchases towards the contracts yet to be novated by the Company with customers and vendors. The aforesaid sales and purchases has been included in the revenue from operations and cost of sales of the Company. The receivables and payables on account of the same has been included in trade receivables and payables respectively.

40. Corporate social responsibility expenses

As per the Section 135 of the Companies Act 2013, the Board shall ensure that the Company spends, in every financial year, at least two per cent of the average of the net profits of the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility ('CSR') Policy. Hence, the Company falls within the ambit of Section 135 of the Act and is required to contribute the amount stipulated under the aforesaid provisions of the Act.

All amount in Indian Rupees in crores, except as stated otherwise

Particulars	December 31, 2020	December 31, 2019
a) Gross amount required to be spent by the Company during the year	4.42	-
b) Amount approved by the Board to be spent during the year	4.42	-
c) Amount spent during the year ending on 31 December, 2020:	In cash	Yet to be paid in cash
		Total
i) Construction/acquisition of any assets	-	-
ii) On purposes other than (i) above	0.83	3.59
		4.42
d) Amount spent during the year ending on 31 December, 2019:	In cash	Yet to be paid in cash
		Total
i) Construction/acquisition of any assets	-	-
ii) On purposes other than (i) above	-	-
		-

41. The Company is in the process of conducting a transfer pricing study as required by the transfer pricing regulations under the IT Act ('regulations') to determine whether the transactions entered during the year ended December 31, 2020, with the associated enterprises were undertaken at "arm's length price". The management confirms that all the transactions with associate enterprises are undertaken at negotiated prices on usual commercial terms and is confident that the aforesaid regulations will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.
42. The spread of COVID-19 has severely impacted businesses around the globe. In many countries, including India, there has been severe disruption to regular business operations due to lockdowns, disruptions in transportation, supply chain, travel bans, quarantines, social distancing and other emergency measures. The Company had shutdown plants and offices following nationwide lockdown which was announced by Government of India in view of COVID-19. From last week of April 2020, operations at plants had commenced in a phased manner considering directives from various government authorities. As a result of lockdown, the volumes for the period have been impacted. The Company has evaluated its liquidity position and of recoverability and carrying values of its assets and has concluded that no material adjustments are required at this stage in these financial statements.
43. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

44. Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in the financial statements have been rounded off or truncated as deemed appropriate by the management of the Company.
45. The audit of financial results of the Company for the previous year was carried out by a firm of Chartered Accountants other than S.R. Batliboi and Associates LLP.
46. Previous year's figures have been regrouped / reclassified, wherever necessary, to conform to the current year's classification.

As per our report of even date attached

For **S.R. Batliboi & Associates LLP**
Firm registration number.: 101049W/E300004
Chartered Accountants

For and on behalf of the Board of Directors of
ABB Power Products and Systems India Limited
Corporate identity number (CIN) : L31904KA2019PLC121597

per Sandeep Karnani
Partner

Achim Michael Braun
Chairman
DIN: 08596097

Venu Nuguri
Managing Director and
Chief Executive Officer
DIN: 07032076

Mukesh Hari Butani
Director
DIN: 01452839

Membership no. 061207

Ajay Singh
Chief Financial Officer

Poovanna C Ammatanda
General Counsel &
Company Secretary
(FCS4741)

Place: Bengaluru
Date: February 26, 2021

Place: Bengaluru
Date: February 26, 2021



ABB Power Products and Systems India Limited

8th Floor, Brigade Opus
70/401, Kodigehalli Main Road
Bengaluru - 560 092

www.hitachiabb-powergrids.com/in

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (Standalone and Consolidated separately)

Statement on Impact of Audit Qualifications for the Financial Year ended December 31, 2020 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl. No.	Particulars	Audited Figures in crores (as reported before adjusting qualifications)	Adjusted Figures in crores (audited figures after adjusting for qualifications)
	1	Turnover / Total income	3,438.94	3,438.94
	2	Total Expenditure	3,339.14	3,339.14
	3	Net Profit/(Loss)	99.80	99.80
	4	Earnings Per Share	23.55	23.55
	5	Total Assets	3,503.12	3,503.12
	6	Total Liabilities	2,570.60	2,570.60
	7	Net Worth	932.52	932.52
	8	Any other financial item(s) (as felt appropriate by the management)	None	None
II.	Audit Qualification (each audit qualification separately):			
	<p>a. Details of Audit Qualification: We draw attention to Note 38 (a) to the accompanying Ind AS financial statements regarding the Scheme of Arrangement ("Scheme") for demerger of the power grid business of ABB India Limited with the Company with an appointed date of April 01, 2019 and approved by the National Company Law Tribunal ("NCLT") vide its order dated November 27, 2019. As per the applicable accounting standard Ind AS 103, since this demerger was a common control business combination, the financial information necessitated restatement by the transferee at carrying amounts not from the appointed date but from the beginning of the preceding period in the financial statements which happens to be the date of incorporation i.e. February 19, 2019. Accordingly, the Company was required as per Ind AS 103 to give effect to the business combination from February 19, 2019 (date of its incorporation). However, the Company had recognized the impact of the business combination only from April 01, 2019 (i.e. the appointed date specified in the scheme) and has not restated and disclosed financial results for the period from February 19, 2019 to March 31, 2019, in the comparative period ended December 31, 2019. However, there is no impact of the same on the Company's Ind AS financial statements of the year ended December 31, 2020. Our opinion on the current year's statement is qualified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.</p> <p>This matter was also qualified in the comparative periods by the preceding auditor.</p>			
	b. Type of Audit Qualification: Qualified Opinion			
	c. Frequency of qualification: repetitive and continuing from last year.			
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: N.A.			
	e. For Audit Qualification(s) where the impact is not quantified by the auditor: Yes			
	(i) Management's estimation on the impact of audit qualification: No estimate			

	<p>(ii) If management is unable to estimate the impact, reasons for the same: As per the applicable accounting standard Ind AS 103 ('standard'), since this demerger is a common control business combination, the financial information necessitates restatement by the Company at carrying amounts not from the appointed date but from the beginning of the preceding period in the financial statements which happens to be the date of incorporation i.e. February 19, 2019. Consequentially, the Company is required to give effect to the business combination from February 19, 2019 (date of its incorporation). However, the Company has recognised the impact of the business combination only from April 1, 2019 (i.e. the appointed date specified in the scheme of arrangement). The Company is of the view that due to incoherence between the appointed date i.e., April 1, 2019 and date of incorporation i.e. February 19, 2019 and requirements of Ind AS 103 such a one-off situation has arisen. Further, in addition to what has been stated in Note 38 (a) to the Ind AS financial statements, we wish to state that in anticipation of reorganisation of ABB India Limited's business by way of said Scheme, the Company was incorporated. Such date of incorporation is not in control of the Company. The Registrar of Companies issued the certificate of incorporation on February 19, 2019. The management confirms that, during the period between February 19, 2019 and March 31, 2019, no active business was undertaken other than the initial paid up share capital. In light of the above, there is no impact on the financial statements of the Company as at December 31, 2020 as affirmed by the Auditors. Thus, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the period do not contain the impact of the transactions of the demerged undertaking from February 19, 2019 to March 31, 2019.</p>
	<p>(iii) Auditors' Comments on (i) or (ii) above: We draw attention to Note 38 (a) to the accompanying Ind AS financial statements regarding the Scheme of Arrangement ('Scheme') for demerger of the power grid business of ABB India Limited with the Company with an appointed date of April 01, 2019 and approved by the National Company Law Tribunal ('NCLT') vide its order dated November 27, 2019. As per the applicable accounting standard Ind AS 103, since this demerger was a common control business combination, the financial information necessitated restatement by the transferee at carrying amounts not from the appointed date but from the beginning of the preceding period in the financial statements which happens to be the date of incorporation i.e. February 19, 2019. Accordingly, the Company was required as per Ind AS 103 to give effect to the business combination from February 19, 2019 (date of its incorporation). However, the Company had recognized the impact of the business combination only from April 01, 2019 (i.e. the appointed date specified in the scheme) and has not restated and disclosed financial results for the period from February 19, 2019 to March 31, 2019, in the comparative period ended December 31, 2019. However, there is no impact of the same on the Company's Ind AS financial statements of the year ended December 31, 2020. Our opinion on the current year's statement is qualified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.</p> <p>This matter was also qualified in the comparative periods by the preceding auditor.</p>

Signatories

For ABB Power Products and Systems India Limited

V. Venu

Venu Nuguri,
DIN: 02937233
Managing Director
For ABB Power Products and Systems India Limited

Aj Singh

Ajay Singh
CFO
For ABB Power Products and Systems India Limited

Mukesh Hari Butani

Mukesh Hari Butani,
DIN: 01452839
Chairman, Audit Committee of Directors
For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration Number: 101049W/E300004

Sandeep Karnani

per Sandeep Karnani
Partner
Membership No. 061207

Statutory Auditor

Place:

Date:



Bengaluru

February 26, 2021