

Annexure – C to Directors' Report

Report on Corporate Governance

1. Corporate Governance Philosophy

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

2. Board of Directors

(i) Composition / Category of Directors / Attendance at Meetings / Directorships and Committee Memberships in other companies as on December 31, 2011

Name	Category of Director	Attendance			Directorships / Mandatory Committee Memberships in Other Companies			
		No. of Board meetings held during 2011	No. of Board Meetings attended	Last AGM attendance	Directorship in Public Companies	Directorship in Private Companies	Mandatory Committee Memberships	Mandatory Committee Chairmanships
Mr. Gary Steel	Non-executive Chairman	5	4	Yes	1	--	--	--
Mr. Bazmi R. Husain	Managing Director	5	5	Yes	1	--	1	--
Mr. N. S. Raghavan	Non-executive & Independent	5	4	Yes	1	8	1	--
Mr. Nasser Munjee	Non-executive & Independent	5	4	No	13	2	4	3
Mr. D. E. Udwardia	Non-executive & Independent	5	5	Yes	12	6	8	--
Mr. Arun Kanti Dasgupta	Non-executive & Independent	5	3	No	3	--	--	--
Mr. Peter Leupp	Non-executive	5	4	Yes	1	--	--	--
Mr. Francis Duggan	Non-executive	5	2	No	--	--	--	--
Mr. Biplab Majumder *	Non-executive	5	1	No	--	--	--	--

Directorships in foreign companies, alternate directorships and membership in governing councils, chambers and other bodies are not included.

* Mr. Biplab Majumder did not seek re-appointment at the Annual General Meeting and hence ceased to be Director with effect from May 10, 2011.

None of the Non-executive Directors has any pecuniary relationship or transactions with the Company except Mr. D. E. Udwardia, where the Company has paid Rs 1,748,365/- to the law firm M/s. Udwardia & Udeshi as fees for professional services that were provided by the firm to the Company on specific legal matters entrusted by the Company to it for legal advice. Mr. D.E. Udwardia, a Director of the Company, is a Partner of the said firm. The Board does not consider the law firm's association with the Company to be of a material nature so as to affect independence of judgment of Mr. Udwardia as a Director of the Company.

(ii) No. of Board Meetings held in the Financial Year 2011 and dates on which held

The Board meets at least once in a quarter to consider amongst other business, the quarterly performance of the Company and the financial results. The Board has held five meetings during the financial year 2011 i.e., on February 23, March 11, May 11, August 9, and November 8, 2011.

3. Audit Committee

(i) Terms of Reference

The Audit Committee is responsible for overseeing the Company's financial reporting process, reviewing the quarterly / half-yearly / annual financial statements, reviewing with the management on the financial statements and adequacy of internal audit function, recommending the appointment / re-appointment of Statutory Auditors / Cost Auditors and fixation of audit fees, reviewing the significant internal audit findings / related party transactions, reviewing the Management's Discussion and Analysis of financial condition and result of operations. The Cost Audit Report is also reviewed by the Committee. The Committee acts as a link between the management, external and internal auditors and the Board of Directors of the Company.

The Committee discussed with the external auditors their audit methodology, audit planning and significant observations/suggestions made by them. The Committee also discussed major issues related to risk management and compliances including review of Management letters.

In addition, the Committee has discharged such other role/function as envisaged under Clause 49 of the Listing Agreement of the Stock Exchanges and the provisions of Section 292A of the Companies Act, 1956.

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

The Company has complied with the requirements of Clause 49 of the Listing Agreement of the Stock Exchanges and Section 292A of the Companies Act, 1956, as regards composition of Audit Committee.

The Audit Committee presently consists of four Non-executive Independent Directors. The Committee has held five meetings during the financial year 2011 i.e., on February 22, May 11, July 11, August 9 and November 7, 2011. The composition of the Audit Committee as on December 31, 2011 and the attendance of members at the meetings of the Audit Committee held during the financial year 2011 were as follows:

Members of Audit Committee	No. of meetings attended
Mr. Nasser Munjee (Chairman)	4
Mr. N. S. Raghavan	5
Mr. D. E. Udhwadia	5
Mr. Arun Kanti Dasgupta	2

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

4. Remuneration Committee

(i) Terms of Reference

The role of the Remuneration Committee is to recommend to the Board, the remuneration package for the Managing/Executive Director(s).

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

The Remuneration Committee presently consists of 3 Non-executive Directors, the Chairman being Non-executive and Independent. No meeting of the Committee was held during the financial year 2011. The composition of the Remuneration Committee as on December 31, 2011 is as under:

Members of Remuneration Committee:

Mr. N. S. Raghavan (Chairman)
Mr. Gary Steel
Mr. Arun Kanti Dasgupta

(iii) Remuneration Policy/Criteria of payments to Non-executive Directors

The Company has a credible and transparent policy in determining and accounting for the remuneration of the Executive/Non-executive Directors. Their remuneration is governed by the external competitive environment, track record, potential, individual performance and performance of the Company as well as industry standards. The remuneration determined for the Executive/Non-executive Directors is subject to the approval of the Board of Directors and the Members.

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

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

(iv) Details of remuneration to all the Directors paid during the financial year 2011

(Rs in Thousands)

Name	Sitting Fees	Salary & Perquisites	Commission (*) / Bonus	Stock Option	Pension
Mr. Bazmi R. Husain	Nil	17,742	NA	Nil	Nil
Mr. Biplab Majumder	10	NA	Nil	Nil	Nil
Mr. N.S. Raghavan	110	NA	218	Nil	Nil
Mr. Nasser Munjee	80	NA	327	Nil	Nil
Mr. D. E. Udawadia	120	NA	327	Nil	Nil
Mr. Arun Kanti Dasgupta**	50	NA	327	Nil	Nil

* Commission for the year 2010 paid during 2011.

** Amount paid to Life Insurance Corporation of India

Fixed Component / Performance Linked Incentive / Criteria

Bonus is payable to the Managing Director only, which is in line with the Contract entered between the Company and Mr. Bazmi R. Husain.

Service Contract / Notice Period / Severance Fees

- The Contract of Service entered into by the Company with Mr. Bazmi R. Husain, Managing Director, provides that the Company and the Managing Director shall be entitled to terminate the agreement by giving 90 days notice in writing on either side.
- No severance fee is payable by the Company on termination of the agreement/s.

5. Shareholders' Committee

The Board of Directors of the Company had set up an Investors' Grievance Committee which has been authorised to approve the transfer/transmission/transposition of shares.

In order to expedite the process, the Board of Directors has also delegated the authority severally to the Managing Director (MD) and the Company Secretary to approve the share transfers and accordingly, the MD or the Company Secretary approves the transfer/transmission of shares generally at a frequency of about twice a month.

Four meetings of Investors' Grievance Committee were held during the financial year 2011 i.e., on February 23, May 11, August 9 and November 8, 2011.

Mr. B. Gururaj, Company Secretary is the Compliance Officer of the Company.

The composition of Investors' Grievance Committee as at December 31, 2011 and attendance of the Committee members at the meetings were as follows:

Members of Investors' Grievance Committee	No. of meetings attended
Mr. D. E. Udawadia (Chairman)	4
Mr. N. S. Raghavan	4
Mr. Bazmi R. Husain	4

The details of investors' complaints received and resolved during the financial year 2011 are as under:

No. of investors' complaints received during 2011	No. of investors' complaints resolved during 2011	Investors' complaints pending at the end of 2011
193	193	NIL

6. Subsidiary Company

Effective December 1, 2011, Baldor Electric India Private Limited has become wholly owned subsidiary of the Company. Necessary compliance on listing requirements are being adhered by the following means:

- The Financial Statements, in particular, the investments made by the unlisted subsidiary company are reviewed by the Company's Audit Committee as well as by the Board.
- The minutes of the Board meetings of the subsidiary company are noted at the Board meeting of the Company. Further a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company are placed before the Company's Board, as and when applicable.

7. General Body Meetings

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

For the Year	Venue	Day & Date	Time
2010	The Atria Hotel, "Chancery", No.1, Palace Road, Bengaluru – 560 001	Tuesday May 10, 2011	3:00 p.m. (IST)
2009	The Atria Hotel, "Chancery", No.1, Palace Road, Bengaluru – 560 001	Tuesday May 11, 2010	11:00 a.m. (IST)
2008	The Lalit Ashok, "Kalinga", Kumara Krupa High Grounds, Bengaluru – 560 001	Tuesday May 19, 2009	11.00 a.m. (IST)

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

No Special Resolution passed in the last three Annual General Meetings i.e. AGMs held on May 19, 2009, May 11, 2010 and May 10, 2011.

(iii) Postal Ballot

No postal ballot was conducted in the year 2011. As on date, the Company does not have any proposal to pass any special resolution by way of postal ballot.

8. Disclosures

(i) Disclosures on materially significant related party transactions.

There was no materially significant related party transaction during the year having potential conflict with the interests of the Company.

(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 or any matter related to capital markets during the last three years.

The Company has complied with all the requirements of the Listing Agreement of the Stock Exchanges as well as regulations and guidelines of SEBI. Neither any penalty nor any stricture has been passed by SEBI, Stock Exchanges or any other Statutory Authority on matters relating to capital markets, in the last three years.

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

The Company has adopted Whistle Blower Policy of ABB Group. The employees of the Company have access to approach the Management on any issues relating to Code of Conduct/Business Ethics. ABB Group has a business ethics hotline maintained at Group's headquarter at Zurich for making any complaint by anyone on compliance issues. No personnel have been denied access to the Audit Committee.

(iv) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of Clause 49 of the Listing Agreement.

The Company has fully complied with the mandatory requirements of Clause 49 of the Listing Agreement of the Stock Exchanges, except Clause 49(1A) in regard to composition of the Board. This is due to the reason that during the short period from January 1, 2011 to May 10, 2011, the number of non-independent Directors exceeded the number of independent Directors, by one Director, consequent to appointment of Mr. Biplab Majumder, as additional Director, immediately after his retirement as Vice Chairman & Managing Director.

Further, the Company has adopted one non-mandatory requirement of Clause 49 of the Listing Agreement, viz. Remuneration Committee of the Board, which has been constituted to determine the remuneration package of the Executive Director(s).

9. Means of Communication

(i) Quarterly Financial Results / Official News Releases

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

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

10. General Shareholder Information

(i) Annual General Meeting

Day, Date, Time and Venue:

The Company will be holding its 62nd Annual General Meeting on Thursday, May 10, 2012 at 11.00 a.m. (IST) at 'Trinity Hall' Vivanta by Taj (formerly Taj Residency) 41/3 Mahatma Gandhi Road, Bengaluru – 560 001.

Agenda:

- a) Adoption of Audited Accounts, Directors' and Auditors' Report
- b) Declaration of Dividend
- c) Re-election of Directors retiring by rotation
- d) Re-appointment of M/s. S. R. BATLIBOI & CO., Chartered Accountants as Auditors
- e) Consent of Members for payment of commission to the non-executive directors for the years 2012-2016

(ii) Profile of Directors seeking re-appointment

The profile of Directors who are seeking re-appointment at the Annual General Meeting is furnished below:

Brief profile of Directors and nature of their expertise in functional areas	Directorships/Committee Memberships in other companies	Shareholding in ABB Limited
<p>Peter Leupp</p> <p>Non-exécutive Non-Independent Director</p> <p>Mr Peter Leupp, 60, holds Degree in Electrical Engineering (Dipl.Ing.) from Swiss Federal Institute of Technology (ETH), Zurich, Switzerland. He has been with the ABB Group since 1977 and has held several key positions in various capacities. Currently, he is Head of Division, Power Systems and also Member of the Group Executive Committee of ABB Limited, Zurich, Switzerland.</p>	<p>Directorships:</p> <p>1. ABB Global Industries and Services Ltd</p> <p>Committee Memberships:</p> <p>Nil</p>	<p>Nil</p>
<p>Nasser Munjee</p> <p>Non-executive Independent Director</p> <p>Mr Nasser Munjee, 59, has done his post graduation in Economics from The London School of Economics. He began his career in 1978 as an Executive Director in Housing Development Finance Corporation Limited. In 1997, he joined Infrastructure Development Finance Company Limited as its Deputy Managing Director and later held the position of Managing Director and CEO. At present, he is the Chairman of Development Credit Bank Limited.</p>	<p>Directorships:</p> <p>1. Ambuja Cements Limited 2. Bharti AXA Life Insurance Co. Limited 3. Britannia Industries Limited 4. Cummins India Limited 5. Development Credit Bank Limited 6. HDFC Limited 7. HUDCO Limited 8. Reid & Taylor (India) Limited 9. Shipping Corporation of India Limited 10. Tata Chemicals Limited 11. Tata Motors Limited 12. Unichem Laboratories Limited 13. Voltas Limited</p> <p>Audit Committee Memberships:</p> <p>1. Bharti AXA Life Insurance Co. Limited 2. Britannia Industries Limited. 3. Cummins India Limited (Chairman) 4. Tata Chemicals Limited (Chairman) 5. Tata Motors Limited (Chairman) 6. Unichem Laboratories Limited 7. Voltas Limited</p>	<p>Nil</p>

Directorships in foreign companies, alternate directorships, directorships in private companies and membership in governing councils, chambers and other bodies are not included. Similarly membership in non-mandatory committees are also not included.

(iii) Financial Year

Indicative calendar of events for the year 2012 (January - December) excluding Extra Ordinary General Meeting(s), if any, are as under:

Fourth Quarter Financial Results (Year 2011)	February 2012
First Quarter Financial Results	May 2012
Annual General Meeting	May 2012
Second Quarter Financial Results	August 2012
Third Quarter Financial Results	November 2012

In terms of the circular issued by Ministry of Corporate Affairs, as a Green Initiative and subsequent amendment to the Listing Agreement, necessary communication was circulated to all the shareholders of the Company on August 10, 2011 to register their e-mail IDs. Accordingly, the soft copy of notice and annual report for the year 2011 has been circulated to the respective e-mail IDs registered and available in Company records.

(iv) Date of Book Closure

The Company's Register of Members and Share Transfer Books will remain closed for the purpose of payment of dividend from May 4, 2012 to May 10, 2012 (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 May 14, 2012, to those shareholders whose names appear on the Company's Register of Members as on May 3, 2012.

(vi) Listing on Stock Exchanges

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

Pursuant to amendment to the Listing Agreement by inserting Clause 5A, the Company's Registrar & Transfer Agents have already sent three reminders to those shareholders whose share certificates were returned undelivered and remain unclaimed so far. Your Company will initiate appropriate steps on unclaimed shares by transferring it to one folio in the name of "Unclaimed Suspense Account", and the voting rights on such shares shall remain frozen till the rightful owners claim the shares.

(vii) Stock Code

National Stock Exchange
ABB

Bombay Stock Exchange
500002

ISIN
INE117A01022

(viii) Market Price Data

The market price data and volume of the Company's shares traded in the Bombay Stock Exchange and the National Stock Exchange, during the year 2011 were as follows:

Period 2011	BSE (Rs)		BSE Sensex		NSE (Rs)		NSE Nifty	
	High	Low	High	Low	High	Low	High	Low
January	824.95	688.00	20,664.80	18,038.48	817.10	687.00	6,181.05	5,416.65
February	753.00	595.80	18,690.97	17,295.62	780.60	595.00	5,599.25	5,177.70
March	829.70	666.20	19,575.16	17,792.17	830.00	661.65	5,872.00	5,348.20
April	895.00	745.00	19,811.14	18,976.19	895.00	777.35	5,944.45	5,693.25
May	907.00	831.30	19,253.87	17,786.13	912.90	832.15	5,775.25	5,328.70
June	880.95	805.00	18,873.39	17,314.38	882.50	811.35	5,657.90	5,195.90
July	904.50	821.25	19,131.70	18,131.86	904.00	842.00	5,740.40	5,453.95
August	907.50	750.55	18,440.07	15,765.53	907.00	752.00	5,551.90	4,720.00
September	879.85	689.00	17,211.80	15,801.01	879.40	687.50	5,169.25	4,758.85
October	740.00	657.00	17,908.13	15,745.43	757.30	650.10	5,399.70	4,728.30
November	740.00	571.30	17,702.26	15,478.69	720.00	571.20	5,326.45	4,639.10
December	645.00	541.10	17,003.71	15,135.86	645.95	541.00	5,099.25	4,531.15

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

ABB Share Price Movement v/s BSE Sensex

January - December 2011

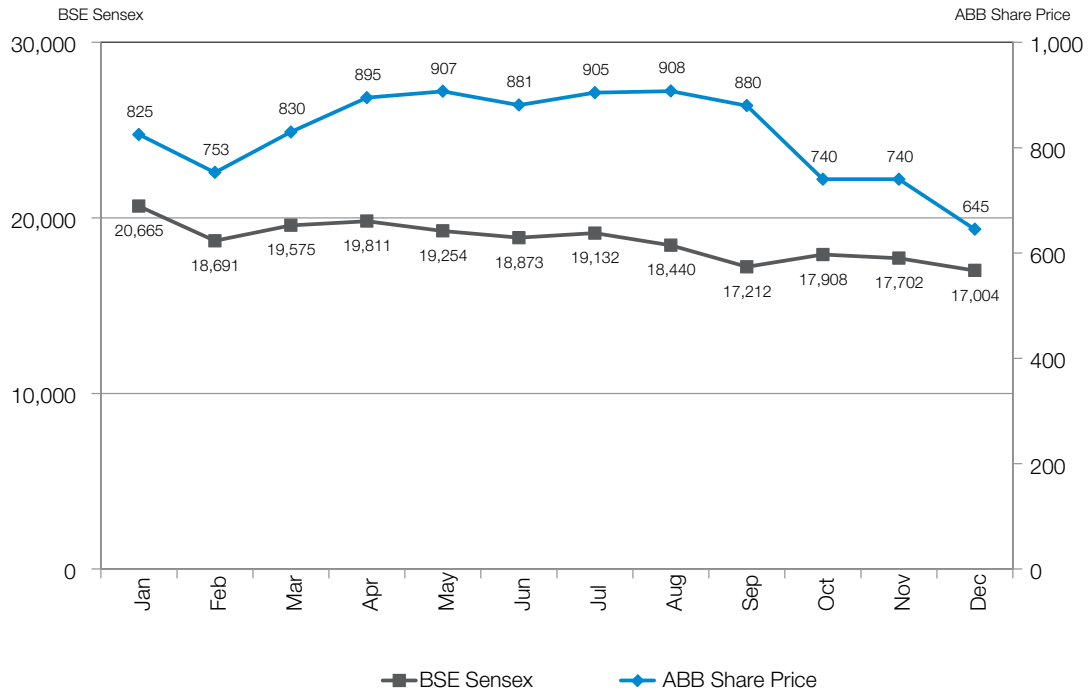
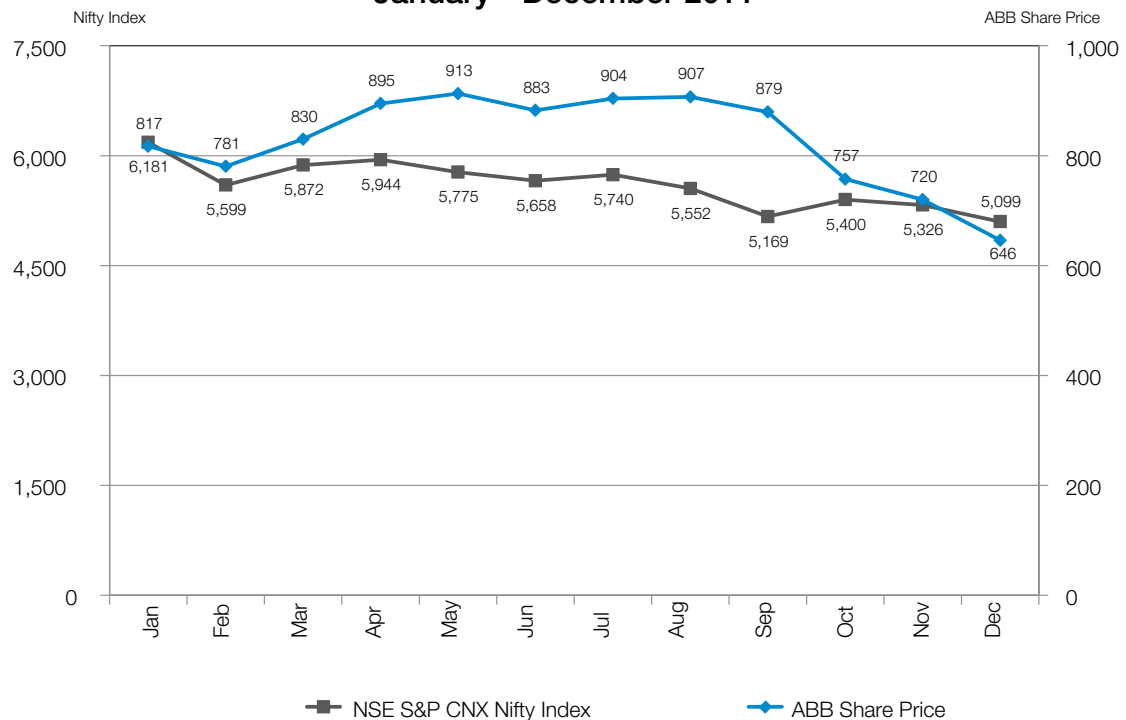


ABB Share Price Movement v/s NSE S&P CNX NIFTY Index

January - December 2011



(x) Registrar and Share Transfer Agents

Karvy Computershare Private Limited
(Unit: ABB Limited)
No.51/2, T K N Complex, Vanivilas Road
Opp. National College, Basavanagudi
Bengaluru 560 004
Tel. No.080-26621192
Fax No.080-41312645
E-mail: sksharma@karvy.com

Plot No.17-24, Vittal Rao Nagar
Madhapur
Hyderabad - 500 081
Tel.No.040-23420815 – 28
Fax No.040-23420814
E-mail: einward.ris@karvy.com

(xi) Share Transfer System

The Company's shares being in compulsory demat list, are transferable through the depository system. However, shares in the physical form are processed by the Registrar and Share Transfer Agents, and approved by the Investors' Grievance Committee. In order to expedite the process, the Board of Directors has also delegated the authority severally to the Managing Director (MD) and the Company Secretary to approve the share transfers and accordingly, the MD or the Company Secretary approve the transfer/transmission of shares generally at a frequency of about twice a month. The share transfer process is reviewed by the said Committee.

(xii) Shareholding Pattern

Shareholders	As on 31.12.2011		As on 31.12.2010	
	No. of shares	%	No. of shares	%
ABB Asea Brown Boveri Ltd. Zurich & ABB Norden Holdings AB, Sweden	158,931,282	75.000	158,931,282	75.000
Non-Resident Individuals/OCBs	333,468	0.157	335,763	0.158
Directors and their relatives	3,500	0.002	3,500	0.002
LIC/UTI/Other Insurance Cos.	23,634,311	11.153	24,032,871	11.342
Nationalised Banks/Other Banks	503,384	0.238	511,266	0.241
Mutual Funds	3,057,284	1.443	1,446,041	0.682
Foreign Institutional Investors	6,385,574	3.013	6,374,960	3.008
Bodies Corporate/Trust	1,346,350	0.635	1,850,122	0.873
General Public	17,713,222	8.359	18,422,570	8.694
Total	211,908,375	100.00	211,908,375	100.00

(xiii) Distribution of Shareholding as on December 31, 2011

Category	No. of Shareholders	No. of Shares held	% of equity capital
1 – 5000	87,374	15,050,048	7.10
5001 – 10000	261	1,751,926	0.83
10001 – 50000	122	2,202,420	1.04
50001 – 100000	14	960,611	0.45
100001 and above	21	191,943,370	90.58
Total	87,792	211,908,375	100.00

(xiv) 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) Ltd., (CDSL). The Company's equity shares are compulsorily traded in the dematerialised form.

As on December 31, 2011, 208,469,897 equity shares of the Company have been dematerialised representing 98.38% of the total shares (102,015,594 equity shares were in dematerialised form representing 48.14% of the total shares as on December 31, 2010).

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

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

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

(xvi) Code of Conduct

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, 2011.

(xvii) Plant Locations

The Company's plants are located at Bengaluru, Faridabad, Haridwar, Mumbai, Mysore, Nashik and Vadodara.

(xviii) Address for Correspondence

ABB Limited
2nd Floor, East Wing, Khanija Bhavan,
49, Race Course Road,
Bengaluru - 560 001
Phone: 080-22949150 to 22949153 Fax: 080-22949148
Corporate Secretarial E-mail ID: investor.helpdesk@in.abb.com
Corporate Website: www.abb.co.in

(xix) Corporate Identity Number

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

(xx) Non-Mandatory Requirements

Remuneration Committee of the Board to determine the remuneration package for the Managing / Executive Director(s).

For and on behalf of the Board

Gary Steel
Chairman

Place : Bengaluru
Date : February 23, 2012

Declaration by the Managing Director under Clause 49 of the Listing Agreement regarding compliance with Business Conduct Guidelines (Code of Conduct)

In accordance with Clause 49 I D of the Listing Agreement with the Stock Exchanges, 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, 2011.

For ABB Limited

Bazmi R. Husain
Managing Director

Place : Bengaluru
Date : February 23, 2012

Annexure – D to Directors' Report

Corporate Governance Compliance Certificate

To
The Members of ABB Limited

We have examined all relevant records of ABB Limited (the Company) for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with National Stock Exchange of India Limited (NSE), and Bombay Stock Exchange Limited (BSE), for the financial year ended December 31, 2011.

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 the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with all the mandatory requirements of the said Clause 49 of the Listing Agreement.

FOR D.R.Shressha & Associates
Company Secretaries

D.R.Shressha
Proprietor
C.P.No. 6119

Place : Bengaluru
Date : February 23, 2012