

# 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

The Board consists 6 Directors viz., 3 Independent and 3 Non-Independent, out of which one is Executive Director i.e., Managing Director, which is in conformity with the requirement of Clause 49 of the Listing Agreement with the Stock Exchanges. The Chairman of the Board is a Non-executive and Non Independent Director.

Except the Managing Director all the Non-Executive non independent Directors are liable to retire by rotation. In the ensuing Annual General Meeting, one Non – Executive Non-Independent Director (who is appointed in the casual vacancy) is getting re-appointed. All the Independent Directors are getting re-appointed for a term of 5 years pursuant to Sec 149 of Companies Act, 2013.

#### (i) Composition / Category of Directors / Attendance at Meetings / Directorships and Committee Memberships in other companies as on December 31, 2014

Name	Category of Director	Attendance			Directorships / Mandatory Committee Memberships in Other Companies			
		No. of Board meetings held during 2014	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	4	4	Yes	Nil	Nil	Nil	Nil
Mr. Frank Duggan +	Non-executive Chairman		1	NA	Nil	Nil	Nil	Nil
Mr. Bazmi R Husain	Managing Director		4	Yes	1	Nil	3	Nil
Mr. Nasser Munjee #	Non-executive & Independent		2	Yes	9	1	4	5
Mr. Darius E. Udawadia #	Non-executive & Independent		3	Yes	9	6	9	3
Mr. Peter Leupp @	Non-executive		3	Yes	Nil	Nil	Nil	Nil
Mrs. Renu Sud Karnad #	Non-executive & Independent		4	Yes	11	4	6	3
Mr. Tarak Mehta \$	Non-executive		1	NA	Nil	Nil	Nil	Nil

\* Mr. Gary Steel resigned w.e.f. October 28, 2014

+ Mr. Frank Duggan was appointed as Director and Chairman w.e.f. October 28, 2014

@ Mr. Peter Leupp resigned w.e.f. October 28, 2014

\$ Mr. Tarak Mehta was appointed as Director w.e.f. October 28, 2014

# Full particulars of directorship in Public Companies, Membership and Chairmanship have been given. All the Independent Directors fulfill the requirements stipulated in Clause 49 (II) (B) (2) of the amended Listing Agreement.

#### (ii) No. of Board Meetings held in the Financial Year 2014 and dates on which held

The Board has held four meetings during the financial year 2014 i.e., on February 18, May 4, July 23, and October 28, 2014.

### 3. Audit Committee

#### (i) Terms of Reference

The Audit Committee shall act on the terms of reference given by the Board pursuant to Section 177 of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement.

The terms of reference are briefly described below:-

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending the Board, appointment, re-appointment, replacement or removal (in the event of necessity) of Statutory Auditors, Cost Auditors and or any other auditors including fixation of remuneration
- Approval / Recommendation 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 Clause (2AA) of Section 217 of the Companies Act, 1956 / sub-section (5) of Section 134 of the Companies Act, 2013;
  - 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;
  - Assessment of performance of Statutory Auditors, Internal Auditors, adequacy of the internal control systems;
  - Evaluation of internal financial controls and risk management 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 the 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;
- To review proposal for mergers, demergers, acquisitions, carve-outs, sale, transfer of business and its valuation report and fairness opinion, if any, thereof;
- 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;
- To review the functioning of the Whistle Blower mechanism.
- To review various investment proposals before the same is submitted to the Board of Directors and also to review the guidelines for investing surplus funds of the Company;
- To appoint valuers for the valuation of the undertakings or assets of the Company, wherever it is necessary including stocks, shares, securities, goodwill or any other assets or net worth of a Company or liability of the Company under the provisions of the Companies Act, 2013.
- To carry out such other function as may be delegated by the Board from time to time.

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 Clause 49 of the Listing Agreement of the Stock Exchanges and the provisions of Section 177 of the Companies Act, 2013.

The Chairman of the Audit Committee was present at the last (64th) Annual General Meeting held on May 5, 2014.

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

The Audit Committee presently consists of four Non-executive Directors, out of which three are independent directors. The Committee has held six meetings during the financial year 2014 i.e., on February 17, May 4, July 23, October 14, October 28 and December 11, 2014. The composition of the Audit Committee as on December 31, 2014 and the attendance of members at the meetings of the Audit Committee held during the financial year 2014 were as follows:

<b>Members of Audit Committee</b>	<b>No. of meetings attended</b>
Mr. Nasser Munjee (Chairman)	4
Mr. Darius E. Udwadia (Independent Director)	5
Mr. Peter Leupp (upto 28.10.2014)	3
Mrs. Renu Sud Karnad (Independent Director)	4
Mr. Tarak Mehta (w.e.f. 28.10.2014)	-

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

**4. Nomination and Remuneration Committee**

Pursuant to the provisions of Section 178 Companies Act, 2013, and revised Clause 49 of the Listing Agreement (mandates Nomination and Remuneration Committee effective October 1, 2014), the nomenclature of the Remuneration Committee has been changed to Nomination and Remuneration Committee.

**(i) Terms of Reference**

Role of the Nomination and Remuneration Committee will be as per provisions of Section 178 of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement as amended from time to time including 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 reviewed by the Nomination and Remuneration Committee and approved by the Board.

The terms and conditions of appointment will be disclosed in the website of the Company [www.abb.co.in](http://www.abb.co.in).

Familiarization programmes for Independent Directors will be undertaken from time to time. Details of such programmes will be updated on the Company's website.

The Company will convene separate meeting of Independent Directors as required under Clause 49(II) (B)(6).

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

The Nomination and Remuneration Committee presently consists of three Non-executive Directors, two being independent. The Chairman is a Non-executive and Independent Director. One meeting of the Committee was held on October 28, 2014 during the year. The composition of the Nomination and Remuneration Committee as on December 31, 2014 is as under:

Members of Audit Committee	No. of meetings attended
Mr. Nasser Munjee (Chairman)	-
Mr. Gary Steel (upto 28.10.2014)	1
Mrs. Renu Sud Karnad (Independent Director)	1
Mr. Frank Duggan (w.e.f. 28.10.2014)	-

**(iii) Remuneration Policy / Criteria of payments to Directors**

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

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

The Non-executive 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 person per meeting and for Corporate Social Responsibility Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Risk Management Committee, the sitting fees is ₹ 10,000/- per person per meeting.

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

**(iv) Details of remuneration to all the Directors paid during the financial year 2014**

(₹ in Lakhs)					
Name	Sitting Fees	Salary & Perquisites	Commission / Bonus (*)	Stock Option	Pension
Mr. Bazmi R Husain	Nil	236.62	62.07	Nil	Nil
Mr. Nasser Munjee	1.20	NA	33.00	Nil	Nil
Mr. Darius E. Udwardia	1.90	NA	31.00	Nil	Nil
Mrs. Renu Sud Karnad	2.30	NA	13.25	Nil	Nil
Mr. Gary Steel (upto 28.10.2014)	Nil	Nil	Nil	Nil	Nil
Mr. Peter Leupp (upto 28.10.2014)	Nil	Nil	Nil	Nil	Nil
Mr. Tarak Mehta (w.e.f. 28.10.2014)	Nil	Nil	Nil	Nil	Nil
Mr. Frank Duggan (w.e.f. 28.10.2014)	Nil	Nil	Nil	Nil	Nil

\* Commission / Bonus for the year 2013 paid during 2014.

Commission to Non-executive Independent Directors:

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

The above commission payable to Non-Executive and Independent Directors of the Company shall however will not exceed in the aggregate 1% per annum of the net profits of the Company computed in the manner laid down in the Act. The Board authorizes the Chairman to determine the amount payable to the eligible non-executive and independent director based on the profits earned by the Company for the respective year.

#### **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. 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.
- b) No severance fee is payable by the Company to the Managing Director on termination of the agreement/s.

#### **Stock Option**

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

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

None of the Non-executive Directors has any pecuniary relationship or transactions with the Company except with a law firm where Mr. Darius E Udwadia is a partner and (b) a private limited company where Mrs Renu Sud Karnad is Director.

- (a) The Company has paid ₹ 4,75,560/- to the law firm M/s Udwadia Udeshi & Argus Partners, 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 advice. Mr. Udwadia is a Senior 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. Udwadia as a Director of the Company.
- (b) Mrs. Renu Sud Karnad, who is also a Director on the Board of Lafarge India Pvt. Ltd., with which the Company is having business relationship viz., purchase and sale of goods / equipments, turnkey projects, license of software etc., as normal business transactions, for more than a decade. The Purchases and Sales including the orders released and received during year is ₹ 1,35,69,298/-. All the transactions have been carried out purely based on market conditions at prevailing market price / conditions. The Board does not consider the business association between Lafarge and the Company to be of a material nature so as to affect independence of judgment of Mrs. Karnad as a Director of the Company.

## **5. Stakeholders Relationship Committee**

In line with the provisions of Section 178 of the Companies Act, 2013, the nomenclature of the erstwhile Investors Grievance Committee has been changed to "Stakeholders Relationship Committee" with effect from May 4, 2014. The said Committee has been authorised to approve the transfer / transmission / transposition of shares and issue of duplicate share certificates.

In order to expedite the process, the Board of Directors has also delegated the authority severally to the Managing Director (MD) and the Company Secretary to approve the share transfers / transmissions and accordingly, the MD or the Company Secretary approve the transfer / transmission of shares generally on a weekly basis. The share transfer process is reviewed by the Committee.

Four meetings of the Committee were held during the financial year 2014 i.e., on February 18, May 4, July 23 and October 28, 2014.

The composition of Stakeholders Relationship Committee as at December 31, 2014 and attendance of the Committee members at the meetings were as follows:

Members of Stakeholders Relationship Committee	No. of meetings attended
Mr. Darius E. Udawadia (Chairman)	3
Mr. Bazmi R Husain	4
Mrs. Renu Sud Karnad (Independent Director)	4

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

The details of investors' complaints received and resolved during the financial year 2014 are as under:

No. of investors' complaints received during 2014	No. of investors' complaints resolved during 2014	Investors' complaints pending at the end of 2014
463	463	NIL

## 6. Risk Management

The Company has in place a mechanism to inform Board Members about the risk assessment and minimization procedures and periodical review to ensure that executive management controls risks by means of a properly defined frame work. As required under amended Clause 49 of the Listing Agreement, the Company has formulated a Policy on Risk Management and constituted a Risk Management Committee on February 10, 2015, which is as under:

### Members of Risk Management Committee

Mr. Nasser Munjee - Director (Chairman)  
 Mr. Frank Duggan - Director  
 Mr. Bazmi R Husain - Managing Director  
 Mr. Amlan Datta Majumdar, CFO  
 Mr. N. Venu - President, Power Systems Division

## 7. Corporate Social Responsibility Committee

Pursuant to Section 135 of the Companies Act, 2013 a Corporate Social Responsibility (CSR) Committee of the Board has been constituted.

Two meetings of Committee were held during the financial year 2014 i.e., on July 23 and October 28, 2014.

The Committee is chaired by Mrs. Renu Sud Karnad – Non Executive Independent Director. The composition of Committee as at December 31, 2014 and attendance of the Committee members at the meetings were as follows:

Members of Corporate Social Responsibility Committee	No. of meetings attended
Mrs. Renu Sud Karnad (Chairperson)	2
Mr. Peter Leupp (upto 28.10.2014)	0
Mr. Bazmi R Husain	2
Mr. Tarak Mehta (w.e.f. 28.10.2014)	1

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

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

The Company's CSR policy may be viewed in following this link: [www.abb.co.in](http://www.abb.co.in)

## 8. Subsidiary Company

As the Company has no Subsidiary as on date, the requirement of formulating a specific policy on dealing with material subsidiaries does not arise.

## 9. Chief Executive Officer (CEO) and Chief Financial Officer (CFO) certification

As required by Clause 49 IX of the Amended Listing Agreement, the CEO and CFO certification on the Financial Statements, the Cash Flow Statement and the Internal Control Systems for financial reporting has been obtained from Mr. Bazmi R Husain - Managing Director and Mr. Amlan Datta Majumdar – Chief Financial Officer. The said certificate is part of the Annual Report.

## 10. General Body Meetings

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

For the Year	Venue	Day & Date	Time
2013	"Grand Ball Room", Second floor, Sheraton Bangalore Hotel at Brigade Gateway, 26/1, Dr. Rajkumar Road, Malleshwaram-Rajajinagar, Bengaluru – 560 055	Monday May 5, 2014	11.00 a.m. (IST)
2012	"Trinity Hall" Vivanta by Taj - M G Road, 41/3 Mahatma Gandhi Road, Bengaluru – 560 001	Thursday May 9, 2013	11:00 a.m. (IST)
2011	"Trinity Hall", Vivanta by Taj - M G Road, 41/3 Mahatma Gandhi Road, Bengaluru – 560 001	Thursday May 10, 2012	11:00 a.m. (IST)

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

No Special Resolution was passed at the Annual General Meeting held on May 5, 2014.

One Special Resolution for change of name from ABB Limited to ABB India Limited was passed in the last Annual General Meeting held on May 9, 2013.

One Special Resolution, seeking consent of Members for payment of commission to the non-executive directors for the years 2012-2016, was passed in the Annual General Meeting held on May 10, 2012.

### (iii) Postal Ballot

No postal ballot was conducted in the year 2014. As on date, the Company does not have any proposal to pass any special resolution by way of postal ballot.

## 11. Disclosures

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

There was no materially significant related party transaction during the year having potential conflict with the interests of the Company. Transactions with related parties, as per requirements of Accounting Standard 18, 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, Directors their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company.

All the transactions with related parties during the year were in the ordinary course of business and at arm's length basis. In terms of amended Clause 49 of the Listing Agreement, the Company started obtaining prior approval of the audit committee from October 1, 2014 for entering into transactions with related parties.

Policy on dealing with Related Party Transactions can be viewed by visiting the website: [www.abb.co.in](http://www.abb.co.in)

### (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.

During January 2013, Company received a Show Cause notice from Securities and Exchange Board of India (SEBI) pointing out certain delays made by the Company in making disclosures required under Regulation 8 (3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, in the years 2001, 2002 and 2006.

As the said delays were due to oversight, the Company made an Application to SEBI for amicable settlement by way of a Consent order. SEBI accepted the Company's application for Consent provided the Company paid a sum of ₹ 3,69,750/- towards settlement charges.

The Company paid the aforesaid sum to the SEBI and the SEBI has passed a Consent order vide its No.CFD-DCR II/ABB/AO/DRK-AKS/EAD-3/CO-70/5-13 dated November 21, 2013 and the matter has accordingly been concluded.

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

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

During the year, the Company has fully complied with the mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges.

The Company has adopted Sl. No. 3, 4 & 5 of the Non-Mandatory requirements as provided in Annexure XIII to the Listing Agreement and not adopted Sl. No. 1 & 2 of the Non-Mandatory requirements.

## 12. Means of Communication

### Quarterly Financial Results / Official News Releases

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

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

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

## 13. General Shareholder Information

### (i) Annual General Meeting

#### Day, Date, Time and Venue:

The Company will be holding its 65th Annual General Meeting on Wednesday, May 6, 2015 at 11.00 a.m. (IST) at **"Grand Ball Room", Second Floor, Sheraton Bangalore Hotel at Brigade Gateway, 26/1, Dr. Rajkumar Road, Malleshwaram - Rajajinagar, Bengaluru – 560055.**

#### Agenda:

- a) Adoption of Audited Balance Sheet, Audited Profit and Loss Account, Cash Flow Statement for the year ended December 31, 2014, Reports of the Directors and the Auditors thereon.
- b) Declaration of Dividend.
- c) Appointment of M/s. S. R. BATLIBOI & ASSOCIATES LLP, Chartered Accountants, having ICAI Firm registration number 101049W, as Statutory Auditors.
- d) Re-appointment of a Director retiring by rotation and
- e) Appointment of Independent Directors pursuant to Section 149 of Companies Act, 2013.

### (ii) Profile of Directors seeking re-appointment

The profile of Directors retiring by rotation and seeking re-appointment at the ensuing Annual General Meeting are given in the annexure to the notice of the Annual General Meeting.

None of the aforesaid Directors is related to each other or to any other Director on the Board of the Company. None of the Directors is related to the Promoters of the Company.



**(iii) Financial Year**

Company's financial year is January – December. The Indicative calendar of events for the year 2015 (January - December) excluding Extra Ordinary General Meeting(s), if any, are as under:

Fourth Quarter Financial Results (Year 2014)	February 2015
First Quarter Financial Results	May 2015
Annual General Meeting	May 2015
Second Quarter Financial Results	July 2015
Third Quarter Financial Results	November 2015

In terms of the circular issued by Ministry of Corporate Affairs, as a Green Initiative and subsequent amendment to the Listing Agreement, the soft copy of the notice and the annual report for the year 2014 will be 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 April 30, 2015 to May 6, 2015 (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 7, 2015, to those shareholders whose names appear on the Company's Register of Members as on April 29, 2015.

**(vi) Listing on Stock Exchanges**

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

Pursuant to the 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. Further, as required, the Company has transferred the said unclaimed shares to one folio in the name of "ABB India Limited-Unclaimed Suspense Account", and the voting rights thereon have been frozen till the shares are claimed by the rightful owners. Details are given below:

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

**(vii) Stock Code**

**BSE Limited** : 500002  
**National Stock Exchange of India Limited** : ABB  
**ISIN** : INE117A01022

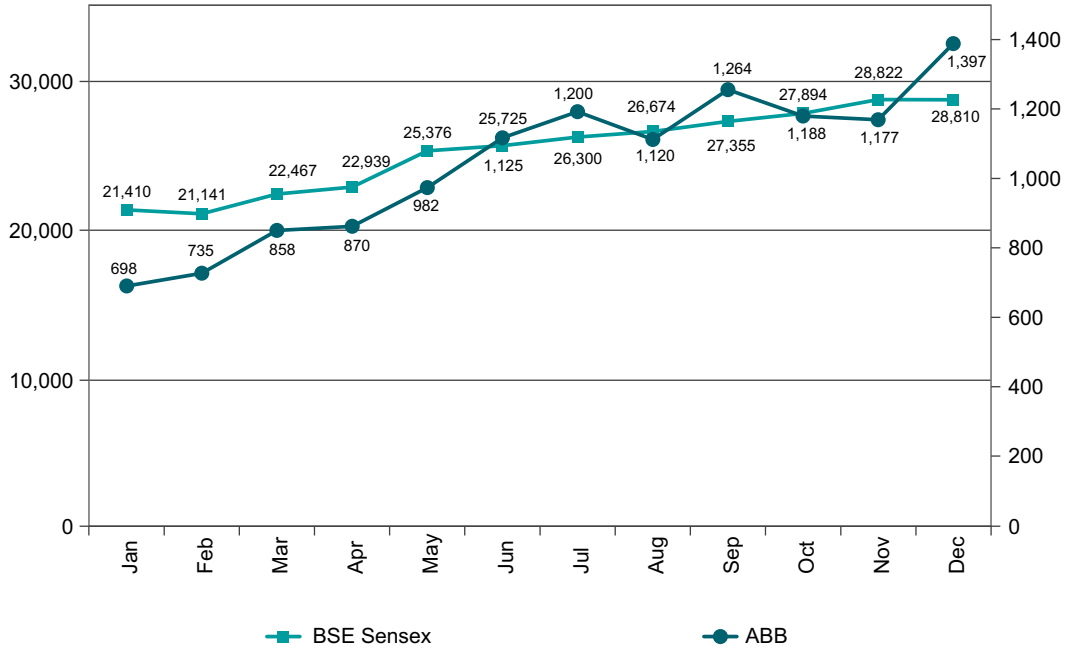
**(viii) Market Price Data**

The market price data and volume of the Company's shares traded in the BSE Limited and the National Stock Exchange, during the year 2014 were as follows:

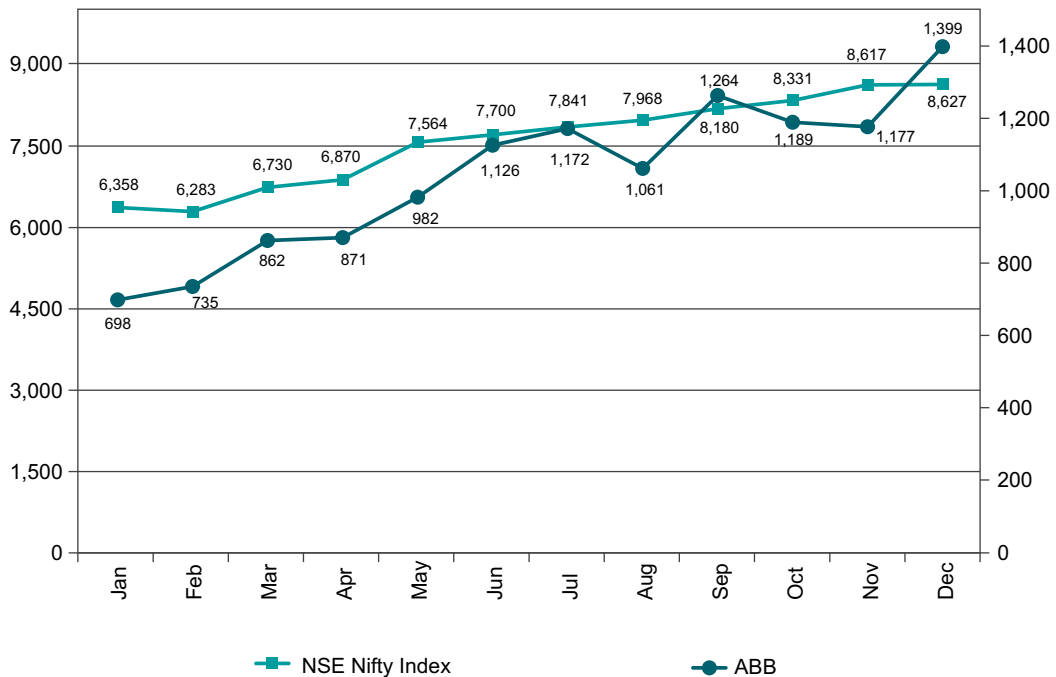
Period 2014	BSE (₹)		BSE Sensex		NSE (₹)		NSE Nifty	
	High	Low	High	Low	High	Low	High	Low
January	698.25	568.05	21,409.66	20,343.78	698.20	566.95	6,358.30	6,027.25
February	735.00	570.00	21,140.51	19,963.12	734.95	567.40	6,282.70	5,933.30
March	858.00	710.05	22,467.21	20,920.98	862.00	710.60	6,730.05	6,212.25
April	869.90	810.40	22,939.31	22,197.51	870.50	810.10	6,869.85	6,650.40
May	981.60	807.30	25,375.63	22,277.04	982.00	808.10	7,563.50	6,638.55
June	1,125.00	909.00	25,725.12	24,270.20	1,125.60	905.95	7,700.05	7,239.50
July	1,200.00	1,008.40	26,300.17	24,892.00	1,172.00	1,006.45	7,840.95	7,422.15
August	1,120.00	956.10	26,674.38	25,232.82	1,061.40	970.00	7,968.25	7,540.10
September	1,263.50	980.25	27,354.99	26,220.49	1,263.50	981.35	8,180.20	7,841.80
October	1,188.00	988.25	27,894.32	25,910.77	1,189.40	985.00	8,330.75	7,723.85
November	1,177.15	1,065.00	28,822.37	27,739.56	1,177.00	1,061.00	8,617.00	8,290.25
December	1,396.70	1,091.05	28,809.64	26,469.42	1,398.60	1,110.05	8,626.95	7,961.35

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

### ABB Share Price Movement v/s BSE Sensex January – December 2014



### ABB Share Price Movement v/s NSE Nifty Index January – December 2014



**(x) Registrar and Share Transfer Agents**

Karvy Computershare Private Limited  
(Unit: ABB India Limited)

No.51/2, T K N Complex, Vanivilas Road  
Opp. National College, Basavanagudi, Bengaluru – 560 004  
Tel. No.080-67453237, Fax No.080-26600786  
E-mail: kulashekara.sharma@karvy.com

Plot No.17-24,  
Vittal Rao Nagar, Madhapur, Hyderabad – 500 081  
Tel.No.040-44655000, 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 Stakeholders Relationship Committee. In order to expedite the process, the Board of Directors has also delegated the authority severally to the Managing Director (MD) and the Company Secretary to approve the share transfers and accordingly, the MD or the Company Secretary approve the transfer / transmission of shares generally on a weekly basis. The share transfer process is reviewed by the said Committee.

**(xii) Shareholding Pattern**

Shareholders	As on 31.12.2014		As on 31.12.2013	
	No. of shares	%	No. of shares	%
ABB Asea Brown Boveri Limited Zurich & ABB Norden Holding AB, Sweden	1,58,931,281	75.000	15,89,31,281	75.000
Non-Resident Individuals / OCBs	2,96,701	0.14	3,21,295	0.152
Directors and their relatives	3,500	0.002	3,500	0.002
LIC / UTI / Other Insurance Cos.	2,19,06,773	10.338	2,31,87,375	10.942
Nationalised Banks / Other Banks	1,96,525	0.093	4,73,669	0.224
Mutual Funds	38,17,816	1.802	24,32,608	1.148
Foreign Institutional Investors	98,32,813	4.640	87,33,536	4.121
Bodies Corporate / Trust	12,21,941	0.577	11,66,827	0.551
Foreign Portfolio Investors	3,34,700	0.158	0	0.000
General Public	1,53,66,325	7.251	1,66,58,284	7.861
<b>Total</b>	<b>21,19,08,375</b>	<b>100.00</b>	<b>21,19,08,375</b>	<b>100.00</b>

**(xiii) Distribution of Shareholding as on December 31, 2014**

Category	No. of Shareholders	No. of Shares held	% of equity capital
1 – 5000	62,964	1,30,93,973	6.18
5001 – 10000	242	16,49,335	0.78
10001 – 50000	122	22,56,481	1.06
50001 – 100000	16	11,03,599	0.52
100001 and above	39	19,38,04,987	91.46
<b>Total</b>	<b>63,383</b>	<b>21,19,08,375</b>	<b>100.00</b>

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

As on December 31, 2014, out of 211,908,375 equity shares of the Company, 208,946,282 equity shares have been dematerialised representing 98.60%.

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

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

**(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**

As required under amended Clause 49 of the Listing Agreement, 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, 2014.

As per Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has adopted a Code of Conduct for Prevention of Insider Trading. The Company Secretary is the Compliance Officer. The said Code of Conduct is applicable to all Directors and identified employees of the Company as well as of the group company who are expected to have access to unpublished price sensitive information relating to the Company.

**(xvii) Plant Locations**

The Company's plants are located in Bengaluru, Faridabad, Haridwar, Mumbai, Mysuru, Nashik, Savli and Vadodara.

**(xviii) Address for Correspondence**

ABB India Limited  
21st Floor, World Trade Center, Brigade Gateway  
No.26/1, Dr. Rajkumar Road, Malleshwaram West, Bengaluru – 560 055  
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) Compliance Officer**

Mr. B. Gururaj, Company Secretary is the Compliance Officer of the Company and Secretary to all Committees of the Board.

## 14. Non-Mandatory Requirements

- The position of the Chairman and Managing Director are separate.
- The Company does not maintain a separate office for the Non - executive Chairman.
- The quarterly financial results are published in the newspapers of wide circulation and not sent to individual shareholders. Further the financial results are available on the website of the Company and of Stock Exchanges where the shares of the Company are listed i.e. BSE Limited and National Stock Exchange of India.
- The Auditors' Opinion on the Financial Statements is unqualified.
- Internal Auditor submits his reports directly to the Audit Committee at its every quarterly meetings.

For and on behalf of the Board

Frank Duggan  
Chairman

Mumbai, February 10, 2015

### **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 (II) (e) of the amended 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, 2014.

For ABB India Limited

Bazmi R Husain  
Managing Director

Mumbai, February 10, 2015

# Annexure – D to Directors' Report

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Corporate Identity No: L32202KA1949PLC032923

Nominal Capital : ₹ 50 Crores

**To**  
**The Members of ABB India Limited,**

We have examined all the relevant records of ABB India Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges for the financial year ended December 31, 2014. 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 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.

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 Listing Agreement. As regards Annexure XIII of listing agreement in connection with non-mandatory requirements, the company has complied with items 3, 4 and 5 of such non-mandatory requirements.

**For V. Sreedharan & Associates**  
Company Secretaries

**Pradeep B Kulkarni**  
Partner  
F.C.S.7260; C.P.No.7835

Bengaluru, February 10, 2015