

Annexure – A to Directors' Report

Management Discussion and Analysis

Economic and market overview

2020 was an unprecedented year by all counts, a year unlike any before because of a raging global pandemic. The COVID-19 pandemic forced a national lockdown for three months in India. Most of the second half of the year was spent in managing the economic and social aftermath of this period of inactivity while ensuring the safety and welfare of the citizens. The crisis brought about new ways of working and accelerated the already prevailing trends of digitalization and automation as no longer a matter of choice.

The year would be remembered for the various measures taken by the government and organizations through relief packages, job creation activities, counselling, etc. While most of the year reeled from the drag effect, the gradual opening of the economy, pent-up and festive demand, and the revival of several infrastructure projects by the government were responsible for some signs of recovery in select sectors in the second half.

In 2020, the Indian market indices kept a robust pace through the rest of the year aligned with the reviving global market benchmarks. The Foreign Institutional Investors (FIIs) also reflected similar faith in Indian markets and Indian equities received USD 23 billion from them, the highest among emerging markets in 2020. For the first five months of the financial year - April to September 2020, India received 13 percent more foreign direct investment (FDI) inflow at USD 35 billion. In order to contain the economic shock brought about by the lockdown and the ensuing headwinds, the Reserve Bank of India shifted focus to economic relief measures and infusion of liquidity. The monetary policy was adapted accordingly, and the repo rate brought to 4 percent. A committee was formed to identify and support stressed sectors. Combined with financial stimulus packages aimed at boosting the economy, the government also announced an easing of limits FDI in defense manufacturing, privatization of six more airports, opening up of more air space and allowing private sector in commercial coal mining. At a time when the pandemic also brought about uncertainty in global trade balances and agreements, the government launched the Atmanirbhar Bharat initiative to encourage self-reliance in Indian manufacturing. As a corollary, the government in order to incentivize localization also introduced production linked incentive (PLI) scheme across ten sectors with a budgetary outlay of USD 26 billion.

The company continued its focus on the solid fundamentals for quality growth at a time of constricted market opportunities. This was ensured by deploying virtual technologies for business continuity of customers and strict adherence to working protocols to ensure health and safety of employees. Proactive action on the focus sectors, which showed signs of faster revival like electronics, renewables, data centers, F&B, pharmaceuticals / healthcare, water and wastewater, and power distribution also yielded results. Cost efficiency programs were balanced with strategic investments for new facilities, product launches and launch of online business models to grow together with the partner eco-system.

Operational overview

Businesses had to unlearn and reinvent operational practices in view of the COVID-19 pandemic and its infection cycles in 2020. ABB India's resilient business model and agility ensured that despite the circumstances, the Company was quick to respond to ensure safety of its employees and business continuity.

A countrywide taskforce with members from different locations across India was formed to adapt to the "new normal" with protocol of regulations and restrictions imposed to counter the pandemic. These included adopting the practices of social distancing, enhanced hygiene and sanitization across company shop floors in multiple locations, sales and marketing offices and company transportation.

Digital technology played a key role in managing the restrictions and protocols of the crisis and accelerated the new ways of working. It helped connect employees and customers seamlessly at a time when operations were managed virtually. The company used various virtual modes to reach out to more than 20,000 customers - webinars and virtual trainings and digital services, were unlocked for customers across businesses. Due to a robust, world-class IT platform, the Company was able to sustain customer engagement through virtual product testing and factory acceptance tests, virtual pitches, virtual commissioning and maintenance services. This was matched by services provided in real-time physically where the Company ensured that customer operations were not hampered by availability of solutions at given locations, on time or engineers staying back at customer site to supervise successful completion of key project milestones with all safety protocols in place. Some of the successful examples were - providing and commissioning electrification solutions to convert a training college into 100-bedded isolation ward for COVID hospital in 48 hours,

remote monitoring and support of goods and breakdown locomotives in 10 locations for uninterrupted transport of essentials, remote maintenance shutdown of the country's oldest refinery, seamless production expansion of sanitizer making components, etc.

While serving our customers, the Company worked tirelessly to maintain the highest level of safety and sustainability in our processes. With our focus on safer operations, we have improved in our hazard reporting and thus have shifted focus to resolving them to the tune of 98.5 percent in 2020. This has immensely helped us to reduce our total incident rate. On the environment front, ABB India operations have been successful in recycling ~93 percent of its waste, freshwater usage has been reduced by 30 percent from previous year and we have sourced 40 percent of our power from green energy.

While the Company initiated a host of measures for cost efficiencies, it also invested in new facilities for businesses with significant growth prospects. The Robotics and Discrete Automation Business Area inaugurated a new robotics facility which will double the testing capacity and a customer experience center to support digital transformation of manufacturing in India. In order to support and grow together with our partners with an alternate revenue stream, ABB India also launched its online marketplace ABB eMart, which has more than 6000 products listed from Electrification, Motion and Industrial Automation businesses. During the year ABB India continued to be at the forefront of introducing new products including a range of anti-bacterial switches Tvisha and high output low voltage IEC induction motors. ABB India also partnered key nation building projects including electrification solutions for Namami Gange project, commissioning of Kaleshwaram project, digital water management solutions for Koppal in Karnataka and Smart City Mission ones for efficient power distribution.

During the year, orders from continuing operations touched Rs.5,932 crore as against Rs.6,970 crore in the Previous Year. The year 2020 was a year of unprecedented challenges, but the Company's agile business model helped to navigate headwinds and deliver consistent profitable performance for the year. The order backlog at the end of the year held steady at Rs.4,114 crore which continued to provide visibility to the future revenue streams. The revenue from continuing operations for the Company for the year 2020 stood at Rs.5,821 crore as against Rs.7,315 crore in the previous year, reflecting a year of unprecedented changes brought about by the pandemic. For the full year, the Company's profit before tax stood at Rs. 304 crore (after accounting for net impact of Rs. 34 crore due to exceptional and one-off items) compared to Rs. 444 crore in 2019. Profit after tax for the year was Rs. 230 crore as compared to Rs. 302 crore last

year. On an overall basis, the catalysts for improved profitability include efficient opex management, better mix, improved service and product revenues, supported by a sharp focus on cost savings. The earnings per share for 2020 stood at INR 10.87 per share as compared to INR 14.26 per share in 2019 for continuing operations without Power Grids.

Operational excellence

2020 was a year of accelerating focus on the digital medium for customer interactions as well as internal meetings. The Company drove operational excellence on multiple fronts - at shop floors with the new work protocols in place, to manage the remote nature of working in offices and guiding customers to accelerate the push to digital transformation of their manufacturing processes. Employee awareness and orientation on new ways of working and optimizing operational methodologies to navigate the challenging times were key areas for training and responsiveness initiatives.

During the year, the Company adopted various initiatives across people and processes with new courses in existing programs of ABB University and "Classroom in the Air" to include the pandemic context in virtual technologies across processes, leading in such challenging times, enhancing focus on health, safety and sustainability. Customer webinars and trainings took place - virtual tools and remote technology for industry segments, special packages and free digital services, segment and cross-business value discovery workshops and business continuity deploying specific technology solutions.

The Company also set operational excellence benchmark within ABB globally for seamlessly completing the demerger of the Power Grids business and the sale of Electrification's solar business. Embedding sustainability and ABB Purpose across business areas was the guardrail while striving for excellence.

Outlook

Government initiatives like self-reliance in marketing, production linked incentives to encourage greater localization as well as stimulus packages for greater job creating sectors are likely to continue. The resilient nature of certain segments and industries is reflected in the early signs of revival witnessed in some key segments like data centers, renewables, electronics, F&B and pharmaceuticals. Some end markets, particularly conventional power generation, mining and steel continue to witness short-term stress. Global volatility in trade balance and agreements with its impact on inflationary pressures, currency and commodity price movements will be closely monitored.

The Company has identified and worked on these areas of high growth mentioned earlier, which has paid dividends. ABB India will continue its value-based engagements with the customers, focus on order wins and seamless execution across projects while looking at modernization of existing capacities and adopting digitalization.

Electrification

Summarized performance:

(₹ in crore)		
Particulars*	2020	2019
Orders	2,325	2,969
Order backlog	1,316	1,302
Revenue	2,222	3,019
Results (Profit before interest & tax)	234	297

*Solar business was with ABB only up to March 31st, 2020

Segment performance

Despite the challenging year & GDP compression, the business area focused on stable segments which offered opportunities to ensure business continuity. We continued to engage with customers digitally through webinars for knowledge sharing, business development, remote FATs, remote techno-commercial negotiations and service support for troubleshooting & commissioning. The Company ventured into the growing e-commerce online marketplace and launched "eMart" to bring ABB products closer to the customer through 6000+ more offerings for B2B, B2C customers and increased visibility and reach to the market.

The business managed to be stable and grew in specific segments despite the challenging business environment globally, keeping its focus on developing market share by customer-centric activities. We created success stories through our webinar outreach during the lockdown period and established a strong customer connect with consultants on future technology and business trends. Our advanced digital solutions and the best-in-class portfolio offerings were deeply appreciated by customers. With the rolling out of the BMS Solution for Buildings through the acquisition of Cylon, the Company will create a far richer customer experience and render next level building management efficiency. The growth in service and export performance was another success story for the year, especially in times when travel was limited, and customer expectations were high.

Major orders booked during the year:

- ABB played a key role in Rail/metros segment this year with major orders booked from Kolkata, Konkan Railways, Kochi Metro. ABB will provide 33kV primary AIS, GIS & 25kV Traction GIS for power distribution for the metro rail
- ABB has established its Building Automation Solutions in the Hospitality space through large installations in international and national hospitality major's properties
- ABB ArTuK switchboard solutions provided strong power distribution solution to Lucknow Airport
- Our Digital Ability Solution was the preferred choice by AWS, Bihar data center & Vanijya Bhavan for its advanced functionalities and ease of use
- Supported COVID-19 fast track hospitals with our CSS & RMUs for the power supply
- Bagged an export order for AIS & MNS from TPSC Japan for a major power plant in Bangladesh
- Major order for RMU for KOC Kuwait for their Oil well projects

Major orders successfully commissioned/supplied during the year:

- Successful commissioning of LV & MV equipment for a Data Center
- Successfully commissioned PDC & RMUs for Kumbh at Haridwar
- Supplied AIS panels for installations at Bengaluru Metro
- Our Digital solution (CMS 700) was chosen to be retrofitted at the data center and was remotely commissioned
- Supplied AIS panels for Indorama Fertilizers, Nigeria and LTL Sri Lanka
- Supplied & commissioned Outdoor Breakers for various distribution companies across Brazil

Segment outlook

We have adapted our marketing and sales organization to reflect the changing market dynamics. Our focus on Buildings, F&B, Rail, Data center market segments and a few more reflects our commitment to tapping growth in expanding segments. Also, our efforts in tier 2 and 3 cities continue through our end-user focus and emphasize our philosophy of going closer to customer. Our thrust remains on exports and service which are a stable and growing part of our solution portfolio. The business continues to build solution leadership and reinforce our footprint in e-mobility and address the mid-range market with new products and solutions, where innovation will play a key role. Our e-commerce platform provides a wonderful opportunity in ease of doing business to our customers and will remain one of our main drivers in making every customer the center of everything that we do.

Motion

Summarized performance:

	(₹ in crore)	
Particulars	2020	2019
Orders	2,314	2,338
Order backlog	1,505	1,462
Revenue	2,238	2,618
Results (Profits before interest and tax)	242	242

Segment performance

The year 2020 challenged Motion business area to remain flexible and quickly adapt as the world around changed due to Covid-19. The pandemic impacted the overall economic environment, however the business made progress in many areas. In line with company's new operating structure, the business re-aligned its division structure to enable greater focus on distinct portfolios of products, solutions and services.

The order book closed on almost flat note with growth of 4% in base orders. Owing to the closure of factories during lockdown and slump in demand during Q2 / Q3, top line was impacted. However, with pick-up in economic activity in Q4 and pent-up demand, overall performance improved for the year. Channel business and export orders for motors also aided recovery in top line. The impact on operating margins was contained with strong cost control measures and better revenue mix. Export performance held steady in a volatile market. High focus on receivables and inventory optimization resulted in better cashflow.

Adapting to the new normal, the business leveraged virtual collaboration tools for sustaining customer engagement and introduced virtual Factory Acceptance Test (FAT). Offering remote services to many critical local and global customers, the business managed to mitigate lockdown impact. Remote assistance and digital offerings continued to improve efficiencies of industrial customers and supported them during the lockdown.

Major orders booked during the year

- ACS880 multi-drive order from Megha Engineering & Infrastructures Ltd. for ONGC oil rig project
- Propulsion system and composite converter orders from Chittaranjan Locomotive Works (CLW) and Diesel Locomotive Works (DLW)
- Breakthrough order from Titagarh Wagons Limited (TWL) to supply traction converters and power modules for EMUs and MEMU
- Strategic order from Bombardier Transportation to supply traction motors for the prestigious 'Agra and Kanpur metro project'
- First serial production order from GE Wind for wind generator
- Strengthening presence in tunnel/HVAC segment, the business secured orders for tunnel ventilation projects: automation of Pandoh Takoli Highway (HP) and smoke venting motor order from Witt India for the Mumbai-Pune expressway tunnel ventilation

Key project commissioning, new technology and product launch during the year

- Continued to support large and critical infrastructure project with the commissioning of Kaleshwaram Lift Irrigation project extension (stage 1 & 2) and Devadulla (phase II) projects in Telangana
- Commissioned Controlled Start Transmission (CST) drive for 4km long pipe conveyor at Tata Steel, West Bokaro, in addition to CST drives installation at Coal India mines
- Reached 5GW milestone in providing Solar PV Plant SCADA solutions and 1.4GW to a single developer account
- Launched new range of high output M3BP motors in 280 - 355 frame, slip-ring motors in 560 - 630 frame, AMI motor in 710 frames, ACS580 drive with disconnect and fuse, and DCS880 DC drive
- Launched new-gen wireless motor smart sensor for hazardous applications reducing safety risks and offering cost-effective condition monitoring
- Launched condition-based maintenance to assess lifetime condition of drives key components such as fans, semiconductors and capacitors to reduce maintenance cost and minimize breakdowns
- With the launch of motors on eMart - ABB became the first company in India to offer low voltage industrial motors on a company-owned online marketplace

Segment outlook

The impact of the pandemic set the clock backwards on many developmental projects. While market segments like Water & Wastewater, F&B, Pharma & Chemical and Oil & Gas performed well, infrastructure projects showed signs of slowing though its recovery is expected in the coming quarters. With diverse portfolio of Motion offerings catering to the needs of varied segments and applications, Motion business is well poised to seize new opportunities and deliver value to customers as growth momentum picks up.

Awards and recognition

The business was conferred with 'Technology of the Year - Generator' award by 'India Wind Energy Forum 2020 Awards'. Throughout the year, many customers including Metso India, Bosch Rexroth (India), Genco and Alfa Laval recognized 'On time delivery' (OTD), timely support on critical deliveries and 'remote support' during the lockdown.

Industrial Automation

Summarized performance:

	(₹ in crore)	
Particulars	2020	2019
Orders	1,208	1,574
Order backlog	1,219	1,284
Revenue	1,285	1,563
Results (Profits before interest & tax)	(57)	96

Segment performance

With the slowdown in economy, the businesses were required to scale up their efforts to make up for the demand slump. Logistic challenges owing to the nationwide lockdown further pushed the businesses to find out ways to mitigate the impact, while ensuring our employees stay safe. Employees stationed on-site specifically in remote areas, when travel restrictions were imposed, continued to support the customers, demonstrating resilience in tough times and winning customer appreciation, especially to essential industries, ensuring business continuity.

Digital became the new normal with teams offering remote support to customers, commissioning projects remotely, and even conducting FATs remotely. A high-speed paper winder was commissioned remotely for ITC Pulp and Paper business. Teams across countries came together to overcome logistic challenges and help a shipping client stay on schedule. Travel restrictions also had an impact on service performance while exports contributed in a very limited way to revenue conversion.

Most sectors were impacted by the pandemic; steel, a vibrant sector historically, got affected both in production as well as trade in FY2020. Cement too faced similar headwinds registering a negative growth in the months following the nation-wide lockdown, but gradually picked up ending the year on a strong note. While order growth in key segments like Power, Water, Oil & Gas exploration and Refining got impacted, the Energy Division carried forward the momentum gathered in 2019 by registering some notable wins in segments like Specialty Chemicals, Life Sciences and Gas / Liquid transportation and distribution. The overall footprint in the LPG applications was enhanced by gaining orders for solutions in LPG Terminals.

Orders won:

- Developing and implementing a custom SCADA-based solution to control and monitor gas flow in tea estates spread across in a northeastern state by Assam Gas Company Limited
- Enterprise-wide SCADA upgrade order for one of the largest Oil and Gas majors
- Executed India's largest process automation and safety system projects in the agro-chemical sector - Deccan Fine Chemicals
- Relatively large orders won from key players in the Metals and Minerals segment
- ABB Ability™ Tekomar XPERT order for engine performance for India's largest private sector shipping company GESCO
- Long-term turbocharger maintenance contract from one of the biggest private shipping players in India and one of biggest power generation companies in Bangladesh
- Automation and MES order in Life Science space by one of the leading Pharmaceutical companies

- Remote commissioning in many projects including commissioning of a high speed paper winder with ITC Pulp and Paper, powering electrification systems at B5 Plus Ghana
- Analyzer systems from pulp and paper major for a greenfield project, IOCL Barouni for BSVI projects
- FGD for power plants from a private energy major

Segment outlook

As the economy is slowly tracking forward, businesses are expected to recover gradually, even though initially at a slow pace, with some segments picking up faster than the other. The manufacturing sector is showing promise especially with government-led initiatives for steel sector and other policy reforms. We are expecting positive demand from water segment as well, driven by state and center support around sustainable urbanization. Digital is also expected to play larger role in demand recovery. Industries are also looking at digital transformation to prepare well for such unexpected disruptions and bring more modularity and agility to operations. In the utilities segment, energy transition, management and energy stability are likely to continue as the key drivers of growth.

Robotics and Discrete Automation

Summarized performance:

(₹ in crore)		
Particulars	2020	2019
Orders	147	269
Order backlog	128	144
Revenue	155	272
Results	5	24

Segment performance

The COVID-19 outbreak during early 2020 and the lockdown imposed in India had adverse effect on both orders and revenue realization. As a result, profitability also came under stress due to reduced capital spending and operational expenditure towards service and maintenance.

Automotive manufacturers and component suppliers who account for the major share of our business continued to face reduced demand.

Food and Beverage, consumer segments and pharmaceutical customers continued their investments during this period towards modernization of capacities for productivity and efficiency.

Consumer electronics segment is showing strong growth potential with customers investing in Robotic automation and opportunities due to relocation of manufacturing into India.

Major orders booked during the year:

- Painting system from a leading Tier 1 supplier in India
- Robotic automation of production sites of a major multinational consumer goods company

Segment outlook

Automotive demand will continue to be uncertain over the next few quarters while two-wheeler industry is showing promising start into the year. Manufacturing activity in metals and plastics segment will be dependent on the revival of economic growth. However, Food and Beverage, Consumer goods and Electronics segments are showing strong signs of growth.

Human resources

The global pandemic necessitated scaled up efforts by the human resource function to ensure employee safety and well-being. Several measures including creation of a Country Task Force, partnering with a renowned service provider for primary and urgent healthcare with health consultations and mental well-being ones were introduced swiftly. The function also played a pivotal role in resuming operations at several locations post the nation-wide lockdown got lifted. To adapt in these changing times, ABB India also supported employees with new ways of working to ensure business continuity and agility to make more balanced decision in sync with our work-life responsibilities. The adopted flexibility by our businesses should result in our customer feeling an enhanced experience with our products & services. During this time of transformation, employees took initiative and supported various initiatives to wage a "War on Waste" and improve productivity as we move towards building a more sustainable organization. Employees across ABB India contributed towards relief efforts for COVID-19 with the organization matching their contribution 1:1. The amount collected was given to the PM Cares Relief Fund and the respective state relief funds.

During the year, the company consistently set a clear path to learn and adapt to perform better in the ever-changing market situation. The HR strategy supported this with its focus on enhanced performance orientation, a comprehensive talent strategy to hire, engage and develop talent and enabling a culture that fostered collaboration, risk taking and above all a culture that is value based. Apart from various Global Leadership programs and soft skills development programs, the function successfully ran its mentorship programs - LEAD and RISE launched last year, virtually. While LEAD program focused on grooming high potential talent to enhance their career growth opportunities, RISE development program was focused on developing exceptional women

leaders within organization. Overall, the team delivered 5862+ man-days of behavior and leadership training during the year. The team also achieved 2.6 person days of learning. There was continued focus on creating a more diverse and inclusive (Diversity & Inclusion) workplace, where individual differences are appreciated and where we all unite to write the future together.

Validating its efforts in the Diversity and Inclusion space, the Company was recognized as an 2020 "Exemplar of Inclusion award" in the most inclusive companies in India (MICI) Index and "Top 100 Best companies for women in India" by working Mother & AVATAR, The power of Diversity in 2020. We were also awarded for "Breaking New Grounds" at the Global Diversity Equity and Inclusion Summit 4.0. The honor by AskInsights and Times of India group recognizes our efforts and commitment in initiating the D&I journey to create an Authentic and Inclusive Workplace. This year we were also awarded the SheMaker - Corporate Evangelist 2020 Award from People Konnect.

The Engagement survey piloted last year in ABB across the globe continued assessing employee sentiment this year as well. With a much higher response rate of 85 percent compared to last year, ABB India had a significant improvement in overall employee engagement score by 4 points to 79. What was even more heartening was the positive scores on the areas of integrity, safety, pride, role clarity, customer focus and response to pandemic. Areas which warranted more focus included recognition, work life balance especially in current times, and facilitating execution at specific levels. At the close of 2020, the Company had 3255 permanent employees as against 3299 in 2019.

Finance

Despite the significant cut in the interest rates by the RBI during the second half of the year, the liquidity in the market remained tight due to the pandemic impact. In addition to limited funding, the existing capacity glut translated to even lesser investment by industries in greenfield and brownfield projects. Leveraging on our very strong and relevant portfolio, brand image & robust operations, the Company's reputation in the market and long-term goodwill with leading banks ensured advantageous arrangements of various finance facilities. During all the months, the company was able to manage a positive cash position to fund its operations as well as meet the capex and carve out costs of Power Grid business segment. In 2020, the interest cost borne by the Company was Rs. 16.9 crores compared to Rs. 21.4 crores in 2019. As of December 31, 2020, the Company had the net cash balance of Rs. 2,207 crores. In terms of foreign currency exposure - for imports and exports - the Company continued to conservatively hedge at the point of commitment to protecting the contract margins.

Internal control systems and integrity

Internal controls has been a key focus area of the company during the year. Internal controls in the Company has been designed to further the interest of all its stakeholders by providing an environment, which is conducive to conduct its operations and at the same time putting in the appropriate checks & balances. In doing so, the Company's internal control environment has evolved over a decade to take care of, inter alia, financial and operational risks. The organization has a holistic Internal Control framework comprising elements like Country Management Committee, Corporate, Business & Local authorization tables, Local Management Instructions, Process and Entity-Level Controls, Enterprise Risk Management, Local Direct Management Testing Programs, and a strong emphasis on integrity and ethics as a part of work culture. An independent service provider, having expertise in the field, has performed current year's Internal Financial Control effectiveness testing. Effective Statutory & Legal Compliance System is in place in the Company.

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

Risk management

The Company has a robust Risk Management Charter and Policy, which provides an overall framework for Risk Management (RM) in the Company. The key elements of the company's risk management framework have been captured in the risk management policy, which details the process for identifying, escalating, prioritizing, mitigating and monitoring key risk events and action plans. The assessment of the risks covers areas of Strategy, Technology, Finance, Operations and Systems, Legal & Regulatory and Human Resources. There are appropriate assurance and monitoring mechanisms in place to monitor the effectiveness of the risk management framework including the mitigation plans identified by the management for key risks identified through the risk management exercise. In addition, the company also has a Risk Management Committee which reviews the analysis of ERM (Enterprise Risk Management) exercise done by the Company and provides necessary guidance on its implementation and monitoring.

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