

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

7. Change in the financial year:

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

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

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

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

9. Annual Return:

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

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

10. Board Meetings held during the period:

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

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

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

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

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

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

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