

## Explanatory statement

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

#### Item no(s): 3 and 4

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

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

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

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

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

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

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

#### Item no 5:

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

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

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

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

#### Item no 6:

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

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