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ANNUAL REPORT 2018

# Shaping a leader focused in digital industries



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## **ABB at a glance**

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ABB is a pioneering technology leader with a comprehensive offering for digital industries. With a history of innovation spanning more than 130 years, ABB is today a leader in digital industries with four customer-focused, globally leading businesses: Electrification, Industrial Automation, Motion, and Robotics & Discrete Automation, supported by its common ABB Ability™ digital platform. ABB's market-leading Power Grids business will be divested to Hitachi in 2020. ABB operates in more than 100 countries with about 147,000 employees.

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# ABB in India

## Nurturing the Digital Ecosystem with ABB Ability™

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2018 has been a year when ABB India cemented its leadership in digitalization across sectors. ABB played a key role in nurturing the digital eco-system by leveraging ABB Ability™ offerings from partnerships with thinktanks and institutions, thought-leadership at industry associations, and being part of landmark projects for digitalization.



NITI Aayog and ABB sign a statement of Intent to make key sectors of Indian economy ready for a digitalized future and realize the potential of AI, big data and connectivity



ABB President and CEO Dr Ulrich Spiesshofer delivered a keynote speech at the MOVE Summit on technologies for electric mobility



ABB's Chief Digital Officer Guido Jouret received the Global Digital Evangelist Award from NASSCOM, the apex body of software, digital companies in India



ABB partnered with IIT Roorkee to pioneer smart, green campus with digital technology



ABB is a strategic partner of the World Economic Forum Center for 4th Industrial Revolution launched in India



ABB Ability™ digital solutions deployed across Indian cement, steel, tyre and paint companies with three-fold increase in digitalization engagements



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# Annual Report 2018

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# 2018: Delivering all-round growth

## Highlights

- Solid step-up of fundamentals - orders, revenue, cash and profits
- Digital leadership of ABB Ability™ resulted in milestone orders from Indian process industries
- Growth led by portfolio offerings in transportation, infrastructure and urbanization

## Key figures\*

- Orders grew by 16 percent YoY
- Revenue up 10 percent YoY
- Consistent growth in PAT by 13 percent YoY

## Board recommends full-year dividend of 240%

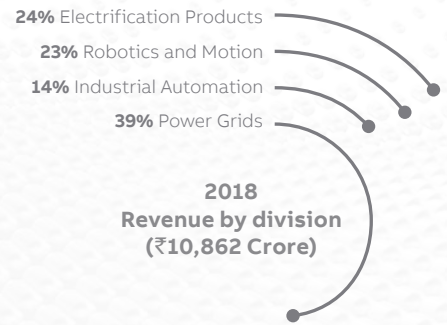
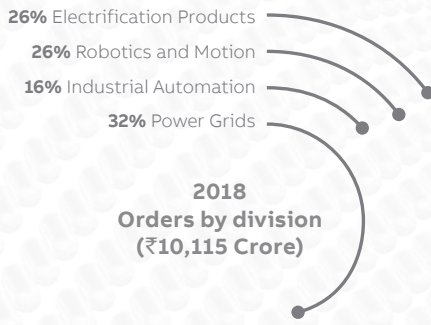
## Five-year trajectory

	(₹ in Crores)				
Description	2018	2017	2016	2015	2014
<b>Sources of Funds</b>					
Shares capital	42	42	42	42	42
Reserves	3,965	3,565	3,245	2,966	2,770
Net worth	4,007	3,607	3,287	3,008	2,812
Borrowings	7	608	600	600	371
Funds employed	4,014	4,215	3,887	3,608	3,183
<b>Income and Profits</b>					
Revenue from operations	10,862	9,087	8,642	8,140	7,733
Operating profit before Interest and depreciation	1,017	857	816	713	556
Profit before tax	794	622	573	475	355
Profit after tax	511	420	374	300	229
Dividend/Dividend tax	112	102	94	94	94
Retained earnings	399	318	280	206	135
<b>Other data</b>					
Gross fixed assets	1,669	1,642	1,474	2,071	2,004
Debt equity ratio	0.00:1	0.17:1	0.18:1	0.20 :1	0.13:1
Net worth per equity share-Rs	189	170	155	142	133
Earnings per equity share-Rs	24	20	18	14	11
Dividend per equity share-Rs	4.8**	4.4	4.0	3.7	3.7
<b>Profit after taxes as % to average net worth</b>	<b>13</b>	<b>12</b>	<b>12</b>	<b>10</b>	<b>8</b>
Orders received	10,115	9,490	12,466	8,100	7,908
Orders backlog	10,111	11,534	11,821	7,946	7,926
Number of permanent employees	5,531	5,590	5,603	5,839	6,165

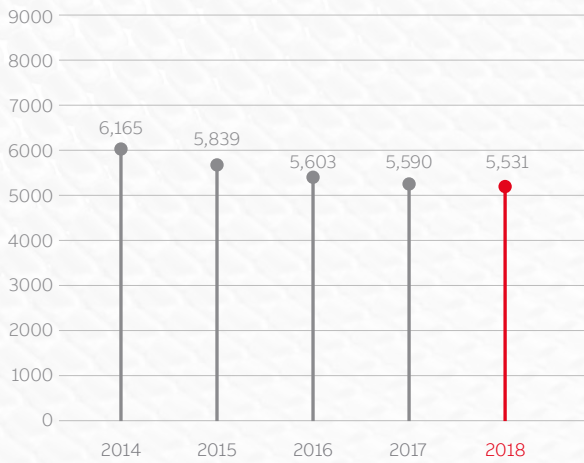
Note:

Figures for 2018 and 2017 are as per IND AS and for earlier periods as per IGAAP and hence not directly comparable. These figures also include performance of Power Grids Business, which has been disclosed as the discontinued operations in the Financials section.

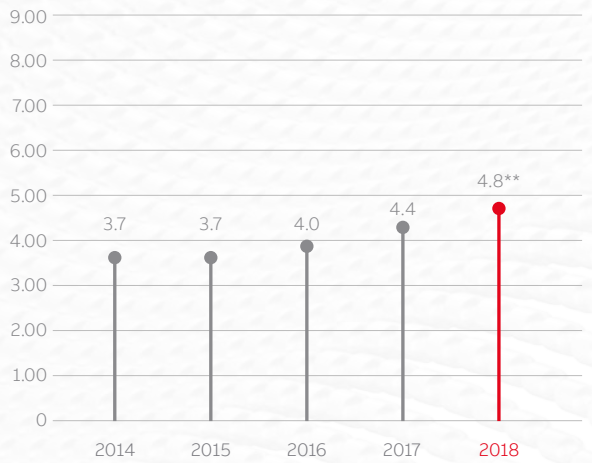
\* Numbers exclude Power Grids \*\* Proposed dividend



**Number of employees**



**Dividend (₹ per share)**



\*\* Proposed dividend

# Key achievements of 2018



— ABB opened the first of its kind smart factories at multiple locations in India with real time KPI monitoring and operator matrix development

## 01 Driving smart manufacturing in India

Opened smart factories for digitally enabled smart power safety and distribution equipment

## 02 Best in class global technology in India

Launched world's fastest electric vehicle charger during MOVE Summit

## 03 ABB Ability™ for Indian cement industries

Commissioned first ever enterprise-wide digitalization project combining people, processes and plants for one of the largest cement companies in India

## 04 Pioneering digital remote service for Indian industry

Deployed ~400 smart sensors across various industries for predictive maintenance and remote condition monitoring

## 05 Building the backbone of Indian smart cities

ABB solutions ranging from compact substations, metro technology, digital monitoring of water to data center technologies have powered inclusive and smart cities in the country

## 06 Enhancing efficiency of landmark infrastructure projects

ABB drives ensuring efficient climate control at the world's tallest Statue of Unity







— ABB with a range of best in class technology solutions is a long-term partner for the electrification and energy efficiency drive of Indian Railways

## 07 Market expansion in F&B

ABB F&B technologies from India have reached the distant shores of Africa and expanded segments with applications in beverage packaging and aquaculture for the domestic market

## 08 Reliable technology for all facets of infrastructure development

Reliable power management technology for sports stadiums e.g. hockey, cricket for hosting domestic and international competitions

— ABB's reliable 24x7 power distribution technology powers global sporting events at Lucknow



## 09 Nurturing the skill sets for the grid of the future

Opening of ABB PowerTEC to shape the future power landscape by building competency in classic and smart digital technologies

## 10 Sustainable mobility with next generation technology

Supporting the "Make in India" electrification and energy efficiency drive of Indian Railways with a range of traction and propulsion equipment

## 11 Optimizing use of waterways

First of its kind integrated automation package for Andaman ferries with option to connect to ABB marine remote monitoring and collaboration center

## 12 Enhancing last mile connectivity for energy

Commissioned microgrids for access to energy in remote Maharashtra villages

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# Country Management Committee

From left to right

**Sanjeev Arora** President – Robotics & Motion

**Ramankumar Singh** Country Human Resources Officer

**Madhav Vemuri** President – Industrial Automation;  
Country Service Manager

**Pitamber Shivnani** President – Power Grids

**CP Vyas** President – Electrification Products

**Sanjeev Sharma** Managing Director

**TK Sridhar** Chief Financial Officer

**Akilur Rahman** Chief Technology Officer

**B Gururaj** General Counsel & Company Secretary

**Karthik Krishnamurthi** Head of Sales & Marketing



# Company Information

## Board of Directors

**J C Deslarzes** Chairman  
**Sanjeev Sharma** Managing Director  
**Nasser Munjee**  
**Darius E. Udwadia**  
**Renu Sud Karnad**  
**Tarak Mehta**

## Auditors

Messrs B S R & Co. LLP  
Chartered Accountants  
Maruthi Info-Tech Centre  
11-12/1 Inner Ring Road  
Koramangala  
Bengaluru - 560 071

## Registrar and Share Transfer Agents

Karvy Fintech Private Limited  
(formerly Karvy Computershare Pvt. Ltd.)  
Karvy Selenium Tower B, Plot 31-32  
Financial District, Nanakramguda  
Gachibowli, Serilingampally Mandal  
Hyderabad – 500 032, Telangana

## Audit Committee

**Nasser Munjee** Chairman  
**Darius E. Udwadia** Member  
**Renu Sud Karnad** Member  
**Tarak Mehta** Member

## Chief Financial Officer and Chief Investor Relations Officer

**T. K. Sridhar**

## Bankers

Axis Bank Limited  
Bank of America, N.A.  
Bank of Bhutan Limited  
Deutsche Bank AG  
HDFC Bank Limited  
ICICI Bank Limited  
IDBI Bank Limited  
JP Morgan Chase Bank, N.A.  
Standard Chartered Bank  
State Bank of India  
The Hongkong and Shanghai Banking  
Corporation Limited  
Yes Bank Limited

## Stakeholders Relationship Committee

**Darius E. Udwadia** Chairman  
**Renu Sud Karnad** Member  
**Sanjeev Sharma** Member

## Cost Auditor

Messrs Ashwin Solanki & Associates  
Cost Accountant  
D/104, Koyna, Shantivan  
Near National Park  
Borivali (East)  
Mumbai - 400 066

## Nomination and Remuneration Committee

**Nasser Munjee** Chairman  
**Renu Sud Karnad** Member  
**J C Deslarzes** Member

## Secretarial Auditors

Messrs BMP & Co. LLP  
Company Secretaries  
No. 926, 20<sup>th</sup> Main BSK 2<sup>nd</sup> Stage  
Bengaluru - 560 070

## Corporate Identity Number

L32202KA1949PLC032923

## Corporate Social Responsibility Committee

**Renu Sud Karnad** Chairperson  
**Sanjeev Sharma** Member  
**Tarak Mehta** Member

## Company Secretary and Compliance Officer

**B. Gururaj**

## Risk Management Committee

**Nasser Munjee** Chairman  
**J C Deslarzes** Member  
**Sanjeev Sharma** Member  
**T. K. Sridhar** Member

## Registered Office

21<sup>st</sup> Floor, World Trade Center  
Brigade Gateway  
No.26/1, Dr. Rajkumar Road  
Malleshwaram West  
Bengaluru - 560 055



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# 01

## Statutory Reports

<b>016</b> –030	<b>Business Responsibility Report</b>
<b>031</b> –037	<b>Notice to the Members</b>
<b>038</b> –043	<b>Directors' Report</b>
<b>044</b> –084	<b>Management's Discussions and Analysis and other Annexures to the Directors' Report</b>
<b>085</b>	<b>MD / CFO Certificate</b>





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Writing the future  
**of safe, smart and sustainable  
electrification**

# Business Responsibility Report 2018

## Sustainability overview

The Company is a leading contributor to a sustainable world through its unique business offerings of pioneering technologies and sustainable business practices. The Company has been instrumental in aiding and steering the path for the country's vision of sustainable growth and its agenda to focus on smart cities, sustainable mobility solutions, bringing in automation and energy efficiency in core manufacturing and utility sectors apart from focusing on its in-house sustainability in terms of sustainable processes and practices at its operations and manufacturing locations.

The Company is supporting Government of India to realize its ambitious vision of 'Make in India' through advanced manufacturing technologies that incorporate the latest developments in robotics and artificial intelligence. The Company has been making in India for over six decades and locally manufactures 75 percent of the portfolio offered globally today by focusing in its state-of-the-art manufacturing and applications of future technologies.

The Company creates value by manufacturing and supplying energy-efficient power, automation products, systems and solutions to its customers in the utilities, industry, infrastructure and transportation sectors making their operations more energy-efficient and lowering overall environmental impact. Robust risk management processes are undertaken, covering health, safety, social, environmental and security impacts, to strengthen business performance and resilience.

Sustainability considerations are embedded into the Company's daily business and it helps to create value to its varied stakeholders and manage its risks. The Health Safety Environment and Sustainability Affairs (HSE/SA) function sets strategic direction and delivers effective, efficient services that embed health, safety, environment, security and corporate responsibility in sustainable business practices of the Company.

The Company has a focused approach to address sustainability and has set itself with ambitious targets for key sustainability indicators such as health safety, environment-energy, climate change, waste, water, right material use, resource efficiency; integrity, sustainable sourcing, security and community engagement. All of these issues have a direct or indirect impact on the Company's performance and its success. The ABB Group has rolled out a comprehensive policy on Health, Safety,

Environment, Security and Sustainability. The Company also has an HSE policy in line with the Group's objective.

To realize global leadership in HSE/Sustainability (SA) performance, the ABB Group has created a robust and comprehensive HSE/SA management system based on internationally recognized sustainability standards, principles and commitments including ISO 45001 and ISO 14001. This system sets clear expectations and the required minimum standards, which is being implemented and embedded into ABB operations across the world including activities of the Company.

## Sustainability objectives and targets

In line with ABB Group's sustainability strategy and objectives, the Company has set sustainability targets that are continuously monitored, and along which actions are taken. The ABB Group target for 2020 and beyond includes the following nine sustainability objectives against which performance is monitored and reported:

1. Products and services for a better world
2. Energy efficiency and climate change
3. Safe and secure operations
4. Integrity
5. Human rights
6. People and society
7. Responsible sourcing
8. Resource efficiency
9. Right materials

The ABB Group prepares the Group Sustainability Report<sup>1</sup> annually for public disclosure based on the Global Reporting Initiative (GRI) guidelines. The Company annually publishes the Business Responsibility Report<sup>2</sup> as per SEBI's requirement and is part of its annual report for disclosure on key sustainability indicators.

## Stakeholder engagement

Sustainability performance forms an important basis for the Company's dialogue with its stakeholders. In recent years ABB has been carrying out surveys with stakeholders that impact the Company's sustainability strategy and priorities. Consultations with both external and internal stakeholders were instrumental in developing the ABB Group sustainability objectives for 2014-2020. A comprehensive dialogue is in process to seek inputs and feedback from key stakeholders that will enable ABB to



revisit its materiality matrix and also in developing the next level 2030 objectives

The following are the key identified stakeholders of the Company:

Business	Government	Civil society
Customers	Government and regulators	International organizations
Suppliers	Legislators and the law	Local communities
Investors	Trade bodies	Academia and scientific community
Employees		Media
Competitors		NGOs and civil society organizations Trade unions

During the year the Company dynamically engaged with its varied stakeholders to create an inclusive business environment seeking their inputs constantly. The Company had dialogues with various Government entities central and state with regards to policy and presentation on the Company's innovative sustainable solutions such as artificial intelligence, and "Make in India", smart cities, sustainable mobility solutions, electric vehicle charging, energy efficiency, efficiency upgradation in the railways sector, renewable energy, growth developments & technology keeping the climate change, job skilling etc.

The Company entered into a large partnership with a premium research organisation on implementing a pilot smart grid solution, which will serve as a model for Government of India planned smart cities initiative. It also continued its funding and partnerships with several other premium research institutes in the country for research and development on frontier areas such as power, renewables, power storage, automation, micro grids etc.

Vendor and contractor safety meets are carried out regularly to bring ABB India contactors and vendors in line with safety requirements and codes of practice. The Company also carried out its Supplier Sustainable Development Program (SSDP) across chosen vendors.

As a listed Company, it has a set processes for receiving and addressing its investor requests. A total of 138 investor requests were received in the year, all of which have been satisfactorily responded to. For employee participation and engagement, there are several ongoing initiatives. Also, there were several management communications with emphasis on health, wellness & safety in daily work.

The Company during the year also organised several customer engagement events called the Customer Connect Program (CCP) designed to bring the Company's technologies deeper into the Tier 2 and 3 cities across the country.

## Healthy and safe working environment

Safeguarding its employees and contractors is the prime area of focus for the Company. Safety being a line responsibility, the Company focused on developing people skills, knowledge and resources to equip its personnel with the right behavior. This year, apart from certifying its employees on safety, the Company's trainings focused on behavioral and job specific aspects such as Safety Master Class and SafeStart for all its managers and specific trainings and certification programs imparted to nominated members such as The Institution of Occupational Safety and Health (IOSH) and National Examination Board in Occupational Safety and Health (NEBOSH). Electrical safety trainings for all service personnel was also mandated by the Company. The Company clocked around 5.06 HSE training hours per employee during the year.

To ensure safe operations, hazard reporting resolution of reported hazards was implemented. The Company received a total of 42,541 hazards during the year and 99.4% of the reported hazards were resolved during the year and the balance being done. A total of 11,805 Sustainability Observations Tours (SOTs) were conducted during the year across the Company which included not just safety but also health, environment and security related observations. The Company clocked a total of 26.17 million contractor man-hours worked and 25.20 million employee man-hours worked, with 2 work related fatality, 2 serious injuries, 1 high potential incident, 5 lost time injuries, and 18 medical treatment injuries.

In an effort to motivate and propagate good safety practices within the Company, it continued to appreciate and reward key innovations, best practices by individuals and teams and these were recognized and rewarded under the Company's annual HSE awards program.

Occupational health and wellbeing continued to be another key HSE focus for the Company. Various health programs such as occupational health checks, welfare oriented executive medical checks, resilience program with focus on breathing meditation, relaxation sessions, yoga and stretching exercise sessions were conducted. Training sessions on the usage of Automated External Defibrillator (AED) that have been deployed across locations and on Basic Life Support (BLS) were conducted. The Company also saw large participation of its employees in completing "at least 10000 steps a day" as a part of the Global Health Challenge program initiated by the ABB Group. There was also increased communication by the Company on general health information to all employees through various means including weekly mail communications.

## Environmental management

The Company is compliant with all statutory requirements related to environment, and specific environment-related challenges are addressed under the direct supervision of plant heads. There were no monetary fines/penalties for Environmental non-compliances paid by the Company during the year.

All of the Company's facilities have been certified to ISO management systems namely ISO 14001:2015. The Company's facilities are in the process of transitioning to ISO 45001:2018.

The Company has made significant progress towards its energy and climate goals. The Company's grid electricity consumption in the year was 61210 MWh of which 31% is via green power purchase which in turn reduced its scope-2<sup>3</sup> emissions. Green power purchase and in-house solar installations for street lighting has resulted in the avoidance of 16072 tons of CO<sub>2</sub>e.

Apart from green power purchase, the Company has invested in 1200 kwp plug and play containerized microgrid in its Vadodara facility. This year 600 kwp solar microgrid and 100 kwp solar PV system were commissioned at the Company's Vadodara and Faridabad locations respectively. Energy generated from solar panels in Vadodara facility during the day is stored in the battery reducing the dependency on diesel generators during power outages. Overall this has resulted in avoidance of 261 tons of CO<sub>2</sub>e this year.

## Water management

Water withdrawal in the year was 0.67 million m<sup>3</sup> at the Company's manufacturing facilities. Although the manufacturing processes in most sites of the Company are not water intensive, water is considered material to its operations due to the growing demand for freshwater in the country. Efforts to reduce freshwater withdrawals include conservative use of water in its operations by using water efficient fixtures in buildings and water reuse. Closed loop systems are used for the Company's cooling systems and industrial processes and in-house Sewage Treatment Plants (STP) aid in the Company's recycling efforts. Water treated in the Company's STP is used for irrigation of gardens and for sanitation purposes which amounts to about 32% of our total water withdrawal for the year.

## Waste management

Reducing generation of waste and reducing the wastes that is sent for final disposal remains the Company's focal area. Waste reduction is incorporated in the product

design stage to ensure waste minimization in manufacturing process. Source segregation of waste, in-house recycling of packaging materials and reuse continues to add more value to waste and reduces the quantum of non-recyclable wastes that are sent to landfill. All wastes are sent to relevant to Pollution Control Board (PCB) authorized recyclers. Of the total wastes disposed this year, 91% were recycled through these authorized recyclers and co-processing units.

The Company understands that it is important to minimize the environmental impact related to its own manufacturing and service activities, and the real challenge is in reducing the impact along the whole value chain which includes the impact from its products, from material selection through production, operation and end-of-life treatment. A majority of ABB's products have a very long operating lifetime, hence, high efficiency and low emissions during operation of the product are essential in reducing the total environmental impact.

ABB Group uses a process called the ABB Gate Model for product and technology development. Sustainability aspects are built into this model and includes a standardized Life Cycle Assessment (LCA) procedure. The ABB Group also develops Environmental Product Declarations (EPD) to communicate the environmental performance of core products over its entire life cycle. EPDs are based on detailed LCA studies conducted using the LCA model and declared according to international standard ISO/TR 14025.

LCAs have been conducted for over 70 ABB products such as power transformers, low voltage circuit breakers, gas insulated switchgears, and current relays, etc. and these also have environmental product declarations (EPD). EPDs provide quantitative information on all concerned aspects in comparable terms, for example energy used, resources, materials used, global warming effects and use of non-renewable resources in each one of the phases.

## Supply chain sustainability

ABB extends its influence to ensure a responsible working environment of direct and indirect stakeholders. This includes partners in the supply chain who share considerable footprint in the product value chain.

The ABB Supplier Code of Conduct is the basis on which the Company builds its strategy to source responsibly. The Supplier Code of Conduct defines the Company's requirements for its suppliers and is integrated with the General Terms & Conditions. The Company considers its suppliers as business partners and requires that they conduct their business consistent with the standards and principles of the Company. Complying with the applicable environmental and OHS regulations, internationally

<sup>3</sup> As categorized by GHG protocol

proclaimed human rights standards and ensuring equality of opportunity are expected as the minimum level of commitment.

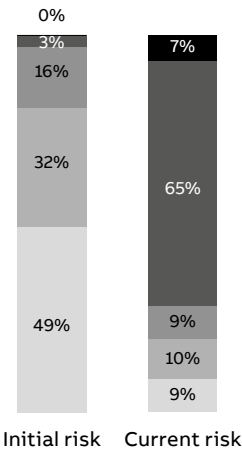
The Company has implemented a Supplier Sustainability Development Program (SSDP) as part of a comprehensive sustainable sourcing initiative. The goal of SSDP is to ensure compliance with the Supplier Code of Conduct, support continual improvement of the sustainability performance of suppliers and to provide customers with a highly competitive and sustainable supply chain. In the scope of this program, the Company selects a group of suppliers each year. Then they are trained and audited to identify areas of improvement in the following domain:

- General management
- Working hours
- Remuneration
- Social benefits
- Health and safety
- Environmental protection

In addition to regular trainings, the Company has conducted special workshops on legal awareness. The suppliers also have access to the ABB Supplier Sustainability Implementation Guide, which provides practical advice on how to meet the requirements of the ABB Supplier Code of Conduct. The Company also reviews the implementation of action plans by repeated visits and follow up audits. Suppliers are supported throughout the program for any kind of technical query.

In India, 82<sup>4</sup> suppliers have been trained on sustainability requirements and 36 of them were assessed for such requirements during 2018. Total number of suppliers trained under the program since 2009 stands at 673<sup>5</sup> (may include suppliers who have undergone repeat trainings). The total number of suppliers assessed stands at 325<sup>6</sup>.

This program helped the participating suppliers identify and mitigate risks and strengthen their systems. Through this program, the risk profiles of the selected suppliers have shown steady improvement, as depicted in the charts below (the charts represent the percentage risk profiles of suppliers selected from 2009 to 2018, before and after corrective actions under the SSDP). At the end Q4 of 2018, 22<sup>7</sup> suppliers who did not show commitment to fulfill the requirements of the Supplier Code of Conduct were blocked. Business with these suppliers can only resume after they have demonstrated compliance with the ABB Supplier Code of Conduct.



In order to further strengthen its responsible sourcing strategies, the Company is revisiting its sourcing process and is adopting additional controls. ABB, jointly with a 3<sup>rd</sup> party agency, did a recertification program for its internal lead assessors. Seven ABB employees renewed their sustainability auditor certificates. Having employees who can conduct and evaluate sustainability performance of the suppliers will further embed the sustainability practices in sourcing activities.

### Advocacy, aid and corporate responsibility bodies

The Company is a member of a number of industry associations namely:

- Confederation of Indian Industries (CII)
- Indian Electrical and Electronics Manufacturers' Association (IEEMA)
- Swiss Chamber of Commerce
- Federation of Karnataka Chambers of Commerce and Industry
- Bangalore Chamber of Industry and Commerce

### People well-being

The Company continues to attract top performers due to its inclusive culture and the opportunities available for growth. The people strategy is aligned with the Company's overall ambition to be a pioneering technology leader. This required a stable work environment in a growing market by maximizing the potential of the Company's workforce. To ensure that the Company continues to attract top talent, multiple employer branding initiatives were launched.

During the year, the Company has consistently set a clear path to learn and adapt to perform better in the changing market situation with its enhanced performance management and talent strategy, focusing on building a healthy pipeline by attracting, assessing and developing talent. In addition, persistent attention to provide an

4 Trainings-Q4 IN SSDP KPI Report  
 5 Trainings till 2018 Q4  
 6 Supplier Assessments- Q4 IN SSDP KPI Report 2018  
 7 Ibid - summation of blocked suppliers

inclusive environment to promote diversity in gender, age and culture, including opportunities for global mobility, also form a part of the proactive plan to manage talent in key function areas. The Company's competency has been aligned with the business strategy.

In 2018, the Company launched a reward and recognition programme to recognize exceptional performance and behavior in line with organizational values. There was continuous focus on improving the diversity in the workforce throughout the year. An ex-employee outreach programme was also launched to encourage rehiring of performers who may have left for various reasons. The entire approach to wellbeing was based on increasing diversity, promoting inclusion and recognizing performance. Annual medical checkups and camps were set up through the year to promote physical wellbeing.

## Learning and development

The Company's learning and development (L&D) function focuses on leadership and professional development programs. The Company's L&D team is responsible for the implementation of Global Training Programs such as ABB Life, Manager Development Program (MDP), Management Essentials Program (MEP), Middle Management Program (MMP). L&D Partners are aligned to various divisions to enable effective partnering with the business and provide customized learning solutions. While Leadership Development and most other L&D initiatives are in-house, the L&D team also works closely with external agencies and vendors to meet the demands of local training programs. This year, there was focus on developing cross cultural awareness and preparing managers to deal with a workforce which is increasingly diverse and technology friendly.

## Career development and opportunities

The Company enables personal growth and development by offering open dialogue, having regular performance and development reviews including structured feedback, knowledge transfer and opportunities for multidirectional career steps, such as working on different projects, moving between various businesses or rotating among functions or geographies. The Company encourages its employees to progress within the organization as opportunities arise. Employees use career guide in their own career planning and the Human Resources function of the Company provides strong support to employees and managers in creating long term employee career plans. The Company's Human Resources have a strong talent management process as well to encourage and provide career development opportunities for promising employees. This year the Company launched a potential development programme aimed at creating a structured

development path for employees identified as exceptional performers. There was also a renewed focus on ensuring that employees across divisions are considered as successors for positions across the Company. Positions closed through internal movements went up significantly this year. Existing employees were considered first for the new business units that came up this year. Development of leaders and professionals continues to be a priority for the Company.

## Diversity and inclusion

ABB Group being a global pioneer with a 125-year history, has grown from its roots in many different countries and cultures around the world. The Company welcomes different ways of thinking and acting, different qualities and skills, different experiences and backgrounds and values them because it is dedicated to being inclusive, recognizing and respecting all aspects of difference. The ABB Group ambitions for 2020, is to focus on improving gender diversity. Diversity & inclusion initiatives at ABB are guided by an overall strategy with three pillars: talent, career lifecycle and raising awareness on diversity and inclusion internally and externally.

In line with the ABB Group vision and policy, the Company recognizes that diversity supports innovation and success and has taken several efforts on this front. The Company through various efforts and initiatives improved its diversity from 9% to 10.6% in the reporting year. Some of the key activities of the Company during the year include:

- Expanded its talent source to include women-only engineering colleges
- Included talent development program that focuses on increasing the female talent pipeline for middle management
- Formed the Diversity and Inclusion (D&I) council with senior leaders from business division and the Company's human resources team for focused intervention and track initiatives where in roles and responsibilities were defined.
- Workshops were organized with each of its business to ensure open discussion on challenges and coming up with action plan and to bridge any gaps identified for D&I initiatives
- Initiated the "Re-board" program to reconnect with former women employees

S.N	Key human resource data of the Company for the year	2018
1	Total number of permanent employees	5531
2	New employees added	448
3	Apprentice / Interns / Trainees	1130
4	Total number of employees hired on contractual basis	349
5	Number of women employees of the total number of permanent employees	337
6	Number of permanent employees with disabilities	15
7	Recognized employee association	Yes
8	Percentage of permanent employees who are members of the recognized association	17.72

## Respecting and promoting human rights

The ABB Group recognizes that respect for human rights is a material issue and that failure to do so can cause harm to people and adversely affect business, with potential legal, financial and reputational consequences. The Company abides and follows the ABB Group Human Rights policy and statement. The policy draws on the Universal Declaration of human rights, the International Labour Organization (ILO) core conventions on labor standards, United Nations Global Compact (UNGC), The Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the Social Accountability (SA) 8000 standard.

The ABB Human Rights and Social Policies specifically refer to the ILO core conventions as the minimum to be achieved, with respect to non-discrimination, prohibition of child and enforced labor, freedom of association and the right to engage in collective bargaining. Raising awareness of human rights is one of ABB's nine sustainability objectives for 2014-2020. The United Nations (UN) guiding principles are central to ABB's human rights training. A global awareness-raising program for all focuses on understanding how ABB can potentially impact human rights, the importance of due diligence and how the Company is embedding human rights in business processes, a global capacity building program is under way. In this reporting period, there have not been any grievances related to human rights. The Company, in line with the Group policy, seeks to raise its standards, and increase its understanding, and mitigation of human rights risks.

## Integrity, transparency and accountability

The ABB Code of Conduct is the framework that explains the behavior ABB expects of every employee and stakeholder who work with it. The ABB Code of Conduct provides a framework to put business principles into practice with utmost integrity. It is a breach of the ABB Code of Conduct to fail to report a violation or suspected violation that employees know about or to refuse to cooperate with the investigation of a suspected violation. Each employee is responsible for ensuring that his or her conduct and the conduct of anyone reporting to the employee fully comply with all applicable laws and the ABB Code of Conduct.

The ABB Group has developed and implemented a systematic approach designed to prevent, detect and resolve any potential integrity concerns. This is supported by tools and processes and a zero-tolerance policy for any violations. The Company's integrity program has created an environment where all its employees can be open about identifying risks, asking questions, and raising concerns.

The Company in line with the ABB Group uses a systematic approach, designed to foster a culture of integrity and compliance. This is carried out through leadership and business accountability, supported by strong tools and processes, and a zero-tolerance policy for violations. As a part of the ABB Group integrity program employees of the Company are not just encouraged but are required to speak up and to report any suspected or observed violations of the law, the ABB Code of Conduct, or if they are asked to do something that might be a violation. They are to report on any of their concerns initially to their direct management, country integrity officer, country human resources manager, ombudsperson, or alternatively, through country specific business ethics hotline numbers and e-mail which is routed to the Company's Chief Integrity Officer (CIO). The Company's CIO along with the integrity team then work towards investigation, and resolution of issues reported there-in. The Company has multiple reporting channels available to all its employees/stakeholders and this includes an ABB Business ethics hotline (dial the country access code 000-117, when you hear the recorded message, dial the number 800-662-7219, or email to: [ethics.contact@ch.abb.com](mailto:ethics.contact@ch.abb.com)) that is available for employees to report integrity and compliance concerns or seek guidance. There are web-based reporting systems available for employee reporting. Stakeholder hotline for business partners are also available (+41 43 317 33 66). All reports received are subjected to appropriate investigation, follow up, and brought to full closure; systematic process and tracking system and the Company enforces a rigorous non-retaliation policy.

The Company's Anti-Corruption Policy is stated explicitly in the ABB Group directive on bribery and anti-corruption and emphasizes key components that are essential for ensuring strict compliance to anti-bribery laws but also refraining from corruption. The Company enforces a rigorous zero-tolerance policy against any involvement in bribery or corruption and has put in place robust policies to prevent bribery such as on gifts, entertainment and expenses, charitable contributions and representatives, and measures to ensure ethical supply chains.

The Company also ensures continuous compliance with competition and antitrust laws. The ABB Code of Conduct requires the Company to compete fairly, safeguard confidential information and be mindful of antitrust risks. The Company's behavior within its teams, with customers, other business partners and in the communities where it operates, are guided by its business principles – respect, responsibility and determination – in compliance with antitrust requirements. The Anti-Trust Guidance Notes aim to address practical business situations and provide rules and guidance for all ABB employees on how to conduct themselves in order to comply with antitrust requirements.

The Company has an Internal Complaints Committee for the prevention of sexual harassment as a part of the

sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013 that aims to provide protection against sexual harassment of women in the workplace and for prevention and redressal of complaints of sexual harassment and for matters connected therewith or incidentals thereto. The Company has constituted the Internal Complaints Committee at each location and establishments (all locations where more than 10 women are employed). There were two complaints received by the said committee of the Company in the year which are being investigated for substantiation.

## Community engagement

The ABB's Group's Social Policy was adopted in February 2001. The Social Policy focuses on ABB in society, human rights, children and young workers, freedom of engagement, health and safety, employee consultation and communication, equal opportunity, harassment and disciplinary practices, working hours, compensation, suppliers, community involvement and business ethics.

The policy draws principally on six sources:

1. The Universal Declaration of Human Rights
2. The UN Guiding Principles on Business and Human Rights
3. The International Labor Organization's Declaration on Fundamental Principles and Rights at Work
4. The OECD Guidelines for Multinational Enterprises
5. The Global Sullivan Principles and
6. The Social Accountability 8000 (SA 8000) standard

The Company has its Corporate Social Responsibility (CSR) policy and framework for action along with clear focal areas against which community engagement projects are taken up predominantly in and around its factory locations. The Company undertook several development programs for the betterment of communities. The Company continued with its commitment to allocate and spent 100% of its allocated CSR spend for the year towards betterment of vulnerable groups and communities. A total of Rs. 107.4 crore was spent by the Company during the year on CSR activities as stipulated under Schedule VII of the Companies Act, 2013.

Some of the key projects were partnership with premier research organization and a foundation in the field of community micro grid, renewable energy storage research, providing mid-day meals to identified Government schools, setting up a centralized kitchen capable of producing 25,000 daily mid-day meals, providing for operational costs and special needs to a school that caters to children with disability, mobile health care units to provide access to preventive health for communities, running a mobile science education to Government school children, education and skill development with focus on girl child and women.

## Customer engagement

As a pioneering technology leader, the Company offers its customers products and solutions that improve operational and resource efficiencies and performance. The Company values and respects its customers and strives to meet and exceed their expectations. The Company adopts an outside-in perspective to understand the customer's interactions with ABB, reduce the customer's effort at each touchpoint and improve the customer experience.

During the year, the Company hosted several meets, events and seminars to proactively engage with the customers. It held Customer Connect Program (CCP), designed to bring the Company's technologies and competencies deeper into the markets. The CCP events, with the theme "Accelerating sustainable growth", provided an enriching experience for different stakeholders from the power and automation industry specific to the city/region where the event was hosted. Workshops, exhibits, presentations and panel discussions with industry leaders, influencers and policy-makers from the city provided a platform for the exchange of ideas and best practices across different business sectors and technology domains. ABB Ability™, the Company's innovative offering of digital solutions and services was showcased.

The Company also engages with customers through training – at customer sites or at the Company's dedicated training facilities. The training program integrated best-in-class demonstrations and in-depth technical proficiency to upskill customer engineers, optimised their operations and make their business safer. During the year the Company established a state-of-the art training center called ABB Power Technology Experience Centre (ABB PowerTEC). Designed to be India's leading technology and knowledge institute, ABB PowerTEC imparts training and learning in futuristic and current power engineering, power automation and digital technologies.

Customer voice is an integral part of the Company's decision-making process. Since 2010, the Company has adopted the Net Promoter Score (NPS) survey to know how the Company is perceived by its customers. The customers response to the "recommend" question and the green card / red card feedback, tells the Company how it measures up to the customers expectations, highlighting the areas where it has performed well and those where it needs to do better. The country relational NPS surveys are held once in two years. In the NPS survey carried out by the Company in 2018, about 4,000 customer responses were received, representing a response rate of 55%. The NPS score rose to 69%, an improvement of about 8.5 percentage points as compared to the previous survey.

In addition, the Company also uses transactional NPS surveys to get touch-point specific feedback to identify improvement measures. As transactional surveys are a leading indicator of customer loyalty, the intention is to continue to raise the bar by responding rapidly and decisively to real-time customer feedback from the Company's operational staff as soon as they occur.

The Company also has a cross-divisional initiative called Customer Contact Management (CCM) to enhance the Company's set-up and performance with respect to inquiry handling, thereby contributing to improved customer experience and satisfaction. The initiative comprises a country-level Contact Center which provides an easy-to-reach contact point for those customers and other business partners who do not know where to turn to. The Contact Center receives inquiries – which can be of any kind for any product, system or service – and routes them to the business units or functions in the Company for their response and resolution. The Contact Center is available on all working days during working hours and can be accessed via an all-India toll-free telephone number

(1800 420 0707), email ([contact.center@in.abb.com](mailto:contact.center@in.abb.com)), web and live agent chat. The Contact Center does not replace but complements existing channels between a customer and the Company's business units and functions.

The capture and management of customer dissatisfaction is key to building customer relationship and the improvement of Company's products, systems and services. In terms of addressing any customer issues with the Company's products, systems and services, the Company has a set process called the Customer Care Response Process (CCRP). Most of the Company's customers deal with more than one business unit in the Company. CCRP channels customer care topics and improves customer satisfaction by providing a single Company-wide common process and tool. It captures, documents, performs root cause analysis and ensures resolution in a timely and qualitative manner of any kind of customer dissatisfaction. Customers are also given the opportunity to confirm if they were satisfied with the solution provided and the way it was handled.

# Links to Policies and Programs

**Sustainability (ABB Group):**

<http://new.abb.com/sustainability>

**ABB Policy on Health, Safety, Environment, Security and Sustainability:**

<https://new.abb.com/sustainability/abb-policy-on-health-safety-environment-security-and-sustainability>

**HSE Policy (Company):**

[http://new.abb.com/docs/librariesprovider19/default-document-library/hse-policy-poster\\_24-x-32-in\\_v5.pdf?sfvrsn=2](http://new.abb.com/docs/librariesprovider19/default-document-library/hse-policy-poster_24-x-32-in_v5.pdf?sfvrsn=2)

**Social Policy (ABB Group):**

<http://new.abb.com/sustainability/social-policy>

**Human Rights Policy & Statement (ABB Group):**

<http://new.abb.com/sustainability/human-rights-policy-and-statement>

**Corporate Social Responsibility Policy (Company):**

<http://new.abb.com/indian-subcontinent/investors/corporate-governance/india-corporate-social-responsibility>

**Sexual harassment of women at the workplace Policy (Company)**

<http://new.abb.com/docs/librariesprovider19/default-document-library/policy-on-sexual-harassment-of-women-at-workplace.pdf?sfvrsn=2>

**Code of Conduct (Company):**

<http://www.abb.co.in/cawp/abbzh252/45f145dc6cfc01cac12579b500315ed3.aspx>

**Supplier Code of Conduct (ABB Group):**

<http://new.abb.com/about/supplying/code-of-conduct>

**Supplier Sustainability Development Program (ABB Group):**

<http://new.abb.com/about/supplying/sustainability>

**Corporate Governance (ABB Group):**

<http://new.abb.com/indian-subcontinent/investors/corporate-governance>

**Integrity Program (ABB Group):**

<http://new.abb.com/about/integrity>

**ABB Whistleblower - Protection Policy (ABB Group):**

<https://new.abb.com/about/integrity/reporting-channels/whistleblower-protection-policy>

**Note:**

The Business Responsibility Report (BRR) in format as specified by the Securities and Exchange Board of India (SEBI), pursuant to Regulation 34 (2) (f) of SEBI' Listing Obligations and Disclosure Requirements (LODR) regulation, 2018 is attached to this report.



## Business Responsibility Report 2018 (As per Regulation 34 (2) of the Listing Regulations, 2015)

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity (CIN) of the Company	L32202K1949PLC032923
2.	Name of the Company	ABB India Limited
3.	Registered address	21st Floor, World Trade Center, Brigade Gateway, No 26/1, Dr. Rajkumar Road, Malleswaram West, Bengaluru 560 055
4.	Website	http://new.abb.com/indian-subcontinent
5.	E-mail id	investor.helpdesk@in.abb.com
6.	Financial Year reported	2018
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	1. Manufacture of electric motors, generators, transformers and electricity distribution and control apparatus - 271 2. Manufacture of other electrical equipment - 279 3. Manufacture of electronic components - 261 4. Manufacture of measuring, testing, navigating and control equipment; watches and clocks – 265
8.	List three key products/services that the Company manufactures/ provides (as in balance sheet)	1. Switch gear of all types 2. Transformers 3. Electronic control and supply units for variable speed drives for other applications 4. Motors and other machines
9.	Total number of locations where business activity is undertaken by the Company	48
	A Number of International Locations (provide details of major 5):	1, Sri Lanka
	B Number of National locations:	15 factories and 32 Establishments
10.	Markets served by the Company-Local/State/National/International	Asia, Middle East, Africa, Europe and Americas

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR)	42.38 Cr
2.	Total Turnover (INR)	10,861.90 Cr
3.	Total profit after taxes (INR)	510.89 Cr
4.	Total Spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax (%)	2.01%
5.	List of activities in which expenditure in 4 above has been incurred	Refer CSR report attached to the Directors' Report

### SECTION C: OTHER DETAILS

1.	Does the Company have any Subsidiary Company/Companies?	Yes.
2.	Do the Subsidiary Company/Companies participate in the Business Responsibility (BR) Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No, as the subsidiary was incorporated only during February 2019.
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	Yes. More than 60%.

## SECTION D: BR INFORMATION

## 1. Details of Director/Directors responsible for BR

## (a) Details of Director/Directors responsible for implementation of the BR policy/policies

1.	DIN Number	07362344
2.	Name	Sanjeev Sharma
3.	Designation	Managing Director

## (b) Details of the BR Head

No.	Particulars	Details
1.	DIN Number (if applicable)	NA
2.	Name	Vipin Upadhyay
3.	Designation	Country HSE Manager
4.	Telephone number	080-22949144
5.	e-mail id	vipin.upadhyay@in.abb.com

## 2. Principle –wise (as per National Voluntary Guidelines - NVGs) BR Policy/policies

## (a) Details of compliance (Reply in Y/N)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Environment, Health and Safety Policy Corporate Social Responsibility Policy Sexual Harassment of Women at the Workplace Policy Anti-Corruption Policy Whistle Blower Protection Policy ABB Group Social Policy ABB Group Human Rights Policy ABB's Code of Conduct ABB Supplier Code of Conduct								
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Yes								
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes								
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Few of the policies have been approved by the Board and other ABB Group policies are adopted by the Company.								
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	The Company is having a committee for CSR and Sexual Harassment of Women at the Workplace. For the other policies, the Company is having adequate internal control on its review and implementation.								
6.	Indicate the link for the policy to be viewed online?	Please refer to the section on 'Links to the Company Policies and Programs' section of the detailed BRR document								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes								
8.	Does the company have in-house structure to implement the policy/ policies?	Yes								
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes								
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes								

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles									
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

3. Governance related to BR

(a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	3-6 months. The Company has the quarterly sustainability reviews at the Board level
(b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Yes. The Business Responsibility Report (BRR) is published annually. Link to BRR of the Company for the year 2017 is: <a href="https://new.abb.com/docs/librariesprovider19/default-document-library/brrb1ad21ecc1f463c09537ff0000433538.pdf?sfvrsn=97594214_2">https://new.abb.com/docs/librariesprovider19/default-document-library/brrb1ad21ecc1f463c09537ff0000433538.pdf?sfvrsn=97594214_2</a>

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1		
1.	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?	No. It extends to the Group/Joint Ventures, Suppliers, Contractors, NGOs and Others.
2.	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	There were 138 investor grievances received, off which all of them have been satisfactorily resolved.
Principle 2		
1.	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	(a) Gas insulated switch gear (b) Low voltage circuit breakers (c) Large distribution transformer
2.	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):	Life Cycle Analysis (LCAs) have been conducted for over 70 ABB products such as power transformers, low voltage circuit breakers, gas insulated switchgears, current relays, etc. and these also have environmental product declarations (EPD)
	(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?	Not available
	(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?	Not available

3. Does the company have procedures in place for sustainable sourcing (including transportation)?	<p>Yes. The Company has set procedures to select suppliers, contractors and service providers based on their competence and capability to undertake tasks and in compliance with the ABB's Supplier Code of Conduct which includes health &amp; safety, environment, ethics &amp; integrity, human rights, working conditions among others. As a guiding principle the Company prefers to do business with compliant and sustainable suppliers. The Company has set procedures in place for sustainable transportation as well. At the time of qualification to become an ABB supplier, the vendor is assessed across sustainability matrix.</p> <p>The Company has implemented a Supplier Sustainability Development Program (SSDP) as part of a comprehensive sustainable sourcing initiative. The goal of the SSDP is to ensure compliance with the Supplier Code of Conduct, to support continual improvement of the sustainability performance of suppliers and to provide customers with a highly competitive and sustainable supply chain. In the scope of this program, the Company trained both suppliers and Company employees, and carried out supplier audits to identify improvement in the areas of general management, working hours, remuneration, social benefits, health and safety, environmental protection etc.</p> <p>Yes. The ABB Group directive specifically for Sourcing for Transport &amp; Logistics service is a guidance document that the Company follows. Among many other stringent criteria that the supplier is evaluated upon, key sustainability aspects that are reviewed for selection include: HSE policy and training programmes of the vendor, compliance to internal and external certification of the operations staff of the vendor for HSE training to ensure their HSE competencies prior to commencement of work, follow of PPE requirement, certification of all safety tools, equipment by third party and to check if the vendor is in compliance with all the governmental environmental regulations, energy conservation and Carbon footprint initiatives . There are also stringent qualifications across ABB's Human Rights policy, training, and adherence to ABB's RoHS, REACH compliance and to ABB List of Restricted and Prohibited Substances for supplier qualification.</p>
(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	All of the Company's vendors mandatorily go through a stringent evaluation and qualification criteria before they are registered with the Company. The qualification procedures include all aspects of sustainability performance.
4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?	Yes. Businesses do have their list of local suppliers. However the Company has moved towards a centralized procurement team and all of its vendors and suppliers need to meet with the set of qualification requirements of the Company
(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	The Company has analyzed and identified the most common issue of its suppliers as "limited knowledge in legal requirements related to factory" during sustainability assessments. To address this issue systematically, three one-day workshops on the topic were organized at manufacturing locations of the Company in Nashik, Vadodara and Faridabad for its suppliers. Training materials on the above subject has been made available to suppliers to expedite their learnings including that of local and small vendors
5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	Yes. The Company's products are recyclable (~90% by weight of ABB products can be reused or recycled). >10%. The Company has stringent waste management practices for internally generated wastes; covered in the Company's HSE policy.
<b>Principle 3</b>	
1. Please indicate the Total number of employees	Permanent employees: 5531
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis	New employees added in the year: 448 Apprentice / Interns / Trainees: 1130 Contract employees: 349
3. Please indicate the Number of permanent women employees	337
4. Please indicate the Number of permanent employees with disabilities	15
5. Do you have an employee association that is recognized by management?	Yes
6. What percentage of your permanent employees are members of this recognized employee association?	17.72%
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year	There were 2 sexual harassment cases received by the Company during second half of the year which are being investigated for substantiation.

No.	Category	No of complaints filed during the financial year	No of complaints filed pending on end of the financial year
1.	Child labour/forced labour/involuntary labor	Nil	Nil
2.	Sexual harassment	2	2
3.	Discriminatory employment	Nil	Nil
8.	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?		Yes. All of the Company's employees underwent safety related training and skill upgradation on a periodical basis.
	(a) Permanent Employees		During the year the average HSE training hours / employee was: 5.06
	(b) Permanent Women Employees		
	(c) Casual/Temporary/Contractual Employees		This category of employees is subjected to skill-based training depending on the work and job roles. Training matrix is designed based on their job risk profiles. As and when required, refresher trainings are provided to upgrade skills based on any changes in the work/ job profiles of employees. During the year 107666 manhours were clocked for contractor safety trainings
	(d) Employees with Disabilities		Training on various aspects are given to employees including persons with disabilities
<b>Principle 4</b>			
1.	Has the company mapped its internal and external stakeholders?	Yes	
	Yes/No		
2.	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.	Yes. The Company has identified vulnerable groups who are targeted for Corporate Social Responsibility (CSR)	
3.	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.	Yes. The Company undertakes its CSR activities for disadvantaged, vulnerable communities including focus on disability sector and assists in community development in and around of its factory operations	
<b>Principle 5</b>			
1.	Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?	No. It is applicable to all – Group, Joint Ventures, Suppliers, Contractors, NGOs and Others.	
2.	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	Nil	
<b>Principle 6</b>			
1.	Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/ others?	No. It is applicable to all – Group, Joint Ventures, Suppliers, Contractors, NGOs and Others.	
2.	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.	Yes. <a href="http://new.abb.com/betterworld/how-abb-technology-mitigates-climate-change">http://new.abb.com/betterworld/how-abb-technology-mitigates-climate-change</a> ABB Group's recent (May 2018) Climate change statement : <a href="http://search.abb.com/library/Download.aspx?DocumentID=9AKK106713A6517&amp;LanguageCode=en&amp;DocumentPartId=&amp;Action=Launch">http://search.abb.com/library/Download.aspx?DocumentID=9AKK106713A6517&amp;LanguageCode=en&amp;DocumentPartId=&amp;Action=Launch</a>	
3.	Does the company identify and assess potential environmental risks? Y/N	Yes	
4.	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	No	
5.	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	Yes. <a href="https://new.abb.com/news/detail/4482/abb-ability-supports-indias-clean-energy-future">https://new.abb.com/news/detail/4482/abb-ability-supports-indias-clean-energy-future</a>	
6.	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes	
7.	Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	Nil	
<b>Principle 7</b>			
1.	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	Yes	(a) Confederation of Indian Industries (CII) (b) Manufacturers' Association (IEEMA) (c) Federation of Karnataka Chambers of Commerce and Industry (d) Swiss Chamber of Commerce (e) Bangalore Chamber of Industry and Commerce
2.	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	No	

<b>Principle 8</b>	
1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	Yes. The Company has a CSR policy and activities are on 5 key focal areas for its social development projects.
2. Are the programmes/projects undertaken through in-house team/ own foundation/external NGO/government structures/any other organization?	The CSR programs of the Company are direct and also through its registered Trust. Activities include both direct spending through in house team as well as through partnerships with verified external NGO partners/ implementing agencies.
3. Have you done any impact assessment of your initiative?	No
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.	During the year, the total spent on CSR activities by the Company was Rs.107.4 Lakhs against a budget of Rs. 107.1 Lakhs as stipulated under Schedule VII of the Companies Act, 2013. Details are in annexure attached in the CSR report
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	CSR activities were pursued in line with the Company's policy and framework. The first step in the process is to identify communities that require Company's intervention through a stakeholder engagement. The Company has continual interactions with the relevant stakeholders so that its interventions are sustainable and is accepted and adopted by the key stakeholders.
<b>Principle 9</b>	
1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.	0.8%
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. / Remarks (additional information)	No
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	Nil
4. Did your company carry out any consumer survey/ consumer satisfaction trends?	Yes.

# Notice to the Members

NOTICE is hereby given that the SIXTY NINTH ANNUAL GENERAL MEETING of the Members of ABB India Limited will be held at "Aura", Taj Yeshwantpur, Bengaluru, 2275, Tumkur Road, Yeshwantpur, Bengaluru, 560 022, on Wednesday, May 8, 2019 at 11.00 A.M. (IST) to transact the following businesses:

## Ordinary Business:

### Item No. 1 – Adoption of Financial Statements and Reports of the Board of Directors and the Auditors thereon

To receive, consider and adopt the financial statements, namely, (i) the Audited Balance Sheet as at December 31, 2018, (ii) the Audited Profit & Loss Account for the year ended on that date, (iii) the Cash Flow Statement for the financial year ended on that date, (iv) statement of changes in Equity, if any, (v) an Explanatory Note annexed to, or forming part of, the documents referred to in (i) to (iv) above and the Reports of the Board of Directors and the Auditors thereon.

### Item No. 2 – Declaration of Dividend

To declare a dividend of Rs.4.80/- per Equity Share of Rs.2/- each for the Financial Year 2018.

### Item No. 3 – Appointment of a Director

To appoint a Director in place of Mr. Tarak Mehta (DIN: 06995639), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.

## Special Business

### Item No. 4 – Approve the Material Related Party Transaction

To consider and, if thought fit, to give your assent or dissent to the following **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") as amended from time to time, approval of the Members be and is hereby accorded for payment by the Company to ABB Schweiz AG, Baden, Switzerland, a related party as defined in the Companies Act 2013, with respect to royalty/license fee subject to such payment in any Financial Year not exceeding 4% of the Company's

annual consolidated turnover as per its immediately preceding audited financial statement in respect of the relevant Financial Year.

**RESOLVED FURTHER THAT** the Managing Director, Chief Financial Officer and Secretary of the Company be and are hereby severally authorized to do all acts, deeds and take such steps including but not restricted to execute, or authorize any person to execute all such documents, instruments and writings as may be considered proper or necessary or expedient to give effect to this resolution."

### Item No. 5 – Approval of remuneration to the Cost Auditor of the Company for Financial Year 2019

To consider and if thought fit, to give your assent or dissent to the following **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the payment of remuneration of Rs.35,00,000/- (Rupees Thirty Five Lakh only) per annum plus applicable taxes and out of pocket expenses actually incurred during the course of audit to Messrs Ashwin Solanki & Associates, Cost Accountants (Registration No.100392) appointed as Cost Auditor, by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the Financial Year ending December 31, 2019, be and is hereby approved.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its Committee thereof), be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board  
For ABB India Limited

B Gururaj  
Company Secretary  
FCS-2631

Place: Bengaluru  
Date: March 1, 2019

Registered Office:  
21st Floor, World Trade Center, Brigade Gateway,  
No.26/1, Dr. Rajkumar Road, Malleshwaram West,  
Bengaluru – 560 055  
CIN: L32202KA1949PLC032923

## Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DULY FILLED, STAMPED, SIGNED AND SHOULD BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. PROXIES SUBMITTED ON BEHALF OF LIMITED COMPANIES, SOCIETIES, PARTNERSHIP FIRMS, ETC., MUST BE SUPPORTED BY APPROPRIATE RESOLUTION / AUTHORITY AS APPLICABLE, ISSUED ON BEHALF OF THE APPOINTING ORGANISATION. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. IN CASE A PROXY IS PROPOSED TO BE APPOINTED BY A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS, THEN SUCH PROXY SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR MEMBER.

IN CASE OF JOINT HOLDERS ATTENDING THE MEETING, ONLY SUCH JOINT HOLDER WHO IS HIGHER IN THE ORDER OF NAMES WILL BE ENTITLED TO VOTE.

**For convenience of Members, route map of the venue of the AGM is enclosed in this Annual Report.**

2. The Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts in respect of special businesses under Item No. 4 and Item No.5 is annexed hereto.
3. Members / Proxies attending the Meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from May 2, 2019 to May 8, 2019 (both days inclusive) for the purpose of payment of dividend.
5. The dividend, as recommended by the Board of Directors of the Company, if declared at the Annual General Meeting, will be paid on and from Friday, May 10, 2019, to those Members whose names stand registered on the Company's Register of Members:
  - a) as Beneficial Owners as at the end of business hours on Wednesday, May 1, 2019 as per the list to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of shares held in dematerialized form.

- b) as Members in the Register of Members of the Company after giving effect to valid share transfers lodged with the Company, on or before Wednesday, May 1, 2019.

6. Members are requested to note that dividends not encashed or remaining unclaimed for a period of 7 (seven) years from the date of transfer to the Company's Unpaid Dividend Account, shall be transferred, under Section 124 of the Companies Act, 2013, to the Investor Education and Protection Fund ("IEPF"), established under Section 125 of the Companies Act, 2013. Further, pursuant to the provisions of Section 124 of the Act and IEPF Rules, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF Authority as notified by the Ministry of Corporate Affairs.

The Members / claimants whose shares, unclaimed dividend, sale proceeds of fractional shares etc. have been transferred to IEPF may claim the shares or apply for refund by making an application to IEPF Authority in Form IEPF 5 (available on [www.iepf.gov.in](http://www.iepf.gov.in)) along with requisite fee as decided by it from time to time. The Member / claimant can file only one consolidated claim in a financial year as per the IEPF Rules.

It is in the Members interest to claim any un-encashed dividends and for future, opt for Electronic Clearing Service, so that dividends paid by the Company are credited to the Member's account on time.

7. Members who have not yet encashed the dividend warrant(s) from the financial year ended December 31, 2011 onwards are requested to forward their claims to the Company's Registrar and Share Transfer Agents. It may be noted that once the unclaimed dividend is transferred to IEPF as above, no claim shall rest with the Company in respect of such amount. It may also be noted that the unclaimed dividend amounts which were lying with the Company upto the year ended on December 31, 2010, have been transferred to IEPF. The details of the unclaimed dividends are available on the Company's website at [www.abb.co.in](http://www.abb.co.in) and Ministry of Corporate Affairs at [www.mca.gov.in](http://www.mca.gov.in). Members are requested to contact Karvy Fintech Private Limited, Unit: ABB India Limited, Karvy Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Gachibowli, Serilingampally Mandal, Hyderabad – 500 032, Telangana, the Registrar and Share Transfer Agents of the Company, to claim the unclaimed / unpaid dividends.
8. Members are requested to intimate, indicating their folio number, the changes, if any, in their registered address, either to the Company's Registrar and Share Transfer Agents at the address mentioned above or to their respective Depository Participant ("DP") in case the shares are held in dematerialized form.



9. Members are requested to note that, in order to avoid any loss/ interception in postal transit and also to get prompt credit of dividend through National Electronic Clearing Service (NECS) / Electronic Clearing Service (ECS) they should submit their NECS / ECS details to the Company's Registrar and Share Transfer Agents. The requisite NECS /ECS application form can be obtained from the Company's Registrar and Share Transfer Agents. Alternatively, Members may provide details of their bank account quoting their folio numbers, to the Company's Registrar and Share Transfer Agents to enable them to print such details on the dividend warrants.
10. As required by Regulation 36 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India, the relevant details of Director 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.
11. Shareholders, intending to require information about the Financial Accounts to be approved at the Meeting, are requested to inform the Company at least a week in advance of their intention to do so, so that the papers relating thereto may be made available, if the Chairman permits such information to be furnished.
12. Members are requested to attend the meeting along with the copy of the Annual Report, already sent to them.
13. The members/investors may send their complaints / queries, if any to the Company's Registrar and Share Transfer Agents' email id einward.ris@karvy.com or to the Company's designated/exclusive e-mail id viz., investor.helpdesk@in.abb.com.
14. The Securities Exchange Board of India (SEBI) vide its earlier circulars have made the Permanent Account Number (PAN) as the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction. Members are requested to submit the PAN details to their respective DP in case of holdings in dematerialized form or the Company's Registrar and Share Transfer Agents in case of holdings in physical form, mentioning the correct folio number.
15. As per the provisions of Section 72 of the Act and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, Members holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Share Transfer Agents. In respect of shares held in demat form, the nomination form may be filed with the respective DP.
16. Members holding shares in physical form are requested to consider converting their holdings in the dematerialized form. Members who are desirous to convert their physical holdings into dematerialized form shall contact the Company's Registrar and Share Transfer Agents at the address mentioned above.
17. The Annual Report of the Company circulated to the Members of the Company will be made available on the Company's website at [www.abb.co.in](http://www.abb.co.in) and also on the website of the Stock Exchanges where the shares of the Company have been listed viz., BSE Limited - [www.bseindia.com](http://www.bseindia.com) and National Stock Exchange of India Limited - [www.nseindia.com](http://www.nseindia.com).
18. All documents referred in the accompanying Notice and Statement setting out material facts are open for inspection at the Registered Office of the Company on all working days between 10.00 a.m. and 12.00 noon upto Wednesday, May 8, 2019 being the date of the Annual General Meeting.
19. The Annual Report of the Company for the year ended December 31, 2018 along with Notice, process and manner of remote e-voting, Attendance Slip and Proxy form are being sent by e-mail to those Members who have registered their e-mail address with the Company or with their respective DP or Registrar and Share Transfer Agents of the Company. Members who are desirous to have a physical copy of the Annual Report should send a request to the Company's e-mail id viz., [investor.helpdesk@in.abb.com](mailto:investor.helpdesk@in.abb.com) clearly mentioning their Folio number / DP and Client ID.
20. Updation of Members' details: The format of the Register of Members prescribed by the Ministry of Corporate Affairs under the Companies Act, 2013 requires the Company/Registrars and Share Transfer Agents to record additional details of Members, including their PAN details, email address, bank details for payment of dividend, etc. Members holding shares in physical form are requested to furnish the above details to the Company or its Registrars and Share Transfer Agents. Members holding shares in electronic form are requested to furnish the details to their respective DP.
- 21. Webcast facility:**

Your Company is pleased to provide the facility of live webcast of proceedings of AGM. Members who are entitled to participate in the AGM can view the proceeding of AGM by logging on the e-voting website of Karvy at <https://evoting.karvy.com/> using their secure login credentials. Members are encouraged to use this facility of webcast.

22. Information and other instructions relating to Remote E-voting and voting by Ballot Form are as under:

(1) In case of Remote E-voting:

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and the provisions of Regulation 44 of the Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the remote e-voting services provided by Karvy Fintech Private Limited (KFPL) on all resolutions set forth in this Notice.

- A. In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company / DP(s)]:
- i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
  - ii. Enter the login credentials (i.e. user ID and password). In case of physical folio, user ID will be EVENT number 4501 followed by folio number. In case of Demat account, user ID will be your DP ID and Client ID. However, if you are already registered with Karvy for remote e-voting, you can use your existing user ID and password for casting your vote.
  - iii. After entering these details appropriately, click on "LOGIN".
  - iv. You will now reach password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
  - v. You need to login again with the new credentials.
  - vi. On successful login, the system will prompt you to select the "EVENT" i.e., ABB India Limited.
  - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR / AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total

number in "FOR / AGAINST" taken together shall not exceed your total shareholding as mentioned hereinabove. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

- viii. Shareholders holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat accounts.
  - ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
  - x. You may then cast your vote by selecting an appropriate option and click on "Submit".
  - xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
  - xii. Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI etc.,) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email [cs.skannan@gmail.com](mailto:cs.skannan@gmail.com) with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com). The scanned image of the above mentioned documents should be in the naming format "ABB India Limited 69th Annual General Meeting."
- B. In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company / DP(s)]:
- i. Remote E-Voting Event Number 4501, user ID and password is provided in the Ballot Form.
  - ii. Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.

(2) In case of voting by using Ballot Forms:

- i. In terms of Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and Listing Regulations, the Company, in order to enable its Members, who do not have access to remote e-voting facility, to send their assent or dissent in writing in respect of the resolutions as set out in this Notice, is enclosing a Ballot Form along with Annual Report.

- ii A Member desiring to exercise voting by using Ballot Form shall complete the enclosed Ballot Form with assent (FOR) or dissent (AGAINST) and send it to the Scrutinizer, Mr. S. Kannan, Practicing Company Secretary, duly appointed by the Board of Directors of the Company, in the enclosed postage prepaid self-addressed envelope. Ballot Forms deposited in person or sent by post or courier at the expense of the Member will also be accepted at the Registered Office of the Company.
  - iii Please convey your assent in Column "FOR" and dissent in the column "AGAINST" by placing a tick (✓) mark in the appropriate column in the Ballot Form only. The assent / dissent received in any other form / manner will not be considered.
  - iv Duly completed and signed Ballot Forms shall reach the Scrutinizer on or before Saturday, May 4, 2019 (5.00 p.m. IST). The Ballot Forms received after the said date / time shall be strictly treated as if the reply from the Member has not been received.
  - v Unsigned / incomplete Ballot Forms will be rejected. Scrutinizer's decision on validity of the Ballot Form shall be final.
  - vi A Member may request duplicate Ballot Form, if so required, by writing to the Company at its Registered Office or by sending an email to investor.helpdesk@in.abb.com by mentioning their Folio No. / DP ID and Client ID. However, the duly filled in duplicate Ballot Form should reach the scrutinizer not later than Saturday, May 4, 2019 (5.00 p.m. IST).
  - vii A Member can opt for only single mode of voting i.e. either through remote e-voting or by Ballot Form. If a Member casts vote by both modes then voting done through remote e-voting shall prevail and vote by Ballot shall be treated as invalid. Members who have cast their vote by remote e-voting prior to the meeting may also attend the annual general meeting, however those Members are not entitled to cast their vote again in the annual general meeting.
- (3) Voting at AGM:
- The Members who have not cast their vote either electronically or through Ballot Form, can exercise their voting at the AGM. The Company will make necessary arrangements in this regard at the AGM venue.
- (4) Other Instructions:
- i In case of any queries, you may refer Help & FAQ section of <https://evoting.karvy.com> (Karvy Website) or call KFPL on 040-67162222 and Toll Free No.1800 3454 001.
  - ii. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
  - iii. The remote e-voting period commences on Saturday, May 4, 2019 (9.00 a.m. IST) and ends on Tuesday, May 7, 2019 (5.00 p.m. IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e., Wednesday, May 1, 2019, may cast their vote electronically in the manner and process set out hereinabove. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
  - iv. Any person, who acquires shares of the Company and become Member of the Company after dispatch of the notice and holding shares as of the cut-off date, i.e. Wednesday, May 1, 2019 may obtain the login ID and password by sending a request at [evoting@karvy.com](mailto:evoting@karvy.com).
  - v. However, if you are already registered with KFPL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details / Password" option available on <https://evoting.karvy.com> or call KFPL on 1800 3454 001 / 040-67162222.
  - vi. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e., Wednesday, May 1, 2019.
  - vii. The Board of Directors has appointed Mr S Kannan, (Membership No. FCS 6261 / CP No. PCS 13016), Practicing Company Secretary and in his absence Mr B L Vinay, Practicing Company Secretary, Bengaluru, (Membership No. A26638 and CP No. PCS 10760) as the Scrutinizer to scrutinize the voting process in a fair and transparent manner.
  - viii. The scrutinizer shall immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, count the vote cast through ballot forms, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses who are not in the employment of the Company and within a period not exceeding 48 hours from the conclusion of the meeting submit a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or person authorized by the Chairman in writing for counter signature.

- ix. The Results shall be declared either by the Chairman or the person authorized by the Chairman in writing and the resolutions will be deemed to have been passed on the AGM date subject to receipt of the requisite number of votes in favour thereof.
- x. Promptly after declaration of results, the same shall be placed along with the Scrutinizer's Report on the Company's website at [www.abb.co.in](http://www.abb.co.in) and on the KARVY's website at <https://evoting.karvy.com> and communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed for placing the same in their website.

**Statement setting out Material Facts under Section 102 of the Companies Act, 2013**

**Item No. 4**

Pursuant to recent amendments made by The Securities and Exchange Board of India (SEBI) in the Listing Obligations and Disclosure Requirements (LODR), any transaction involving payment to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 2% of the annual consolidated turnover of the Company.

Your Company has estimated that the payment by it to ABB Schweiz AG, Baden, Switzerland, a related party within the meaning of Section 2(76) of the Companies Act, 2013 read with Regulation 2(1) (zb) of LODR, with respect to royalty/license fee during the Financial Year 2019 would exceed 2% of the annual consolidated turnover of the Company, as per its last audited financial statement for the year 2018.

The payment to ABB Schweiz AG with respect to royalty/license fee, is in respect of the valuable non-exclusive and non-transferable right granted to the Company to manufacture, sell or otherwise supply licensed products in India and in other permitted countries, including the right to use methods, tools, parameters and programs for manufacturing, assembly and testing of the licensed products. Your Company is dependent on the continued support, guidance and technical expertise from ABB Schweiz AG, which are necessary for it to make inroads into the Indian market and deliver high quality services, products and projects to its Customers.

**The transaction pertaining to payments by the Company to ABB Schweiz AG with respect to royalty/license fee being a material Related Party Transaction, approval of Members is required in terms of Regulation 23(4) of LODR. As per LODR, no member who / which is a related party shall vote on the proposed ordinary resolution at Item No. 4 of the Notice to approve the above transaction.**

The above transaction is in the ordinary course of the Company's business and at arm's length.

The Board, on the recommendation of the Audit Committee, considers that the above payment to the aforesaid Related Party will be beneficial to, and in the interest of the Company, and recommends approval of the Members to the transaction.

None of the Directors or Key Managerial Personnel of the Company and or their relatives is concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item No. 4 of the Notice.

**Item No. 5**

The Board of Directors of the Company, on the recommendation of the Audit Committee, has approved the appointment of Messrs Ashwin Solanki & Associates, Cost Accountants (Registration No: 100392) as Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending December 31, 2019.

In accordance with the provisions of Section 148 of the Act 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. Accordingly, approval of the Members is sought as referred to in the Resolution at Item No. 5 of the Notice to the payment of remuneration amounting to Rs 35,00,000/- for Cost Audit plus applicable taxes and out of pocket expenses payable to the Cost Auditor for the financial year ending December 31, 2019.

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 Special Resolution set out at Item No. 5 of the Notice.

By Order of the Board  
For ABB India Limited

B Gururaj  
Company Secretary  
FCS-2631

Place: Bengaluru  
Date: March 1, 2019

Registered Office:  
21st Floor, World Trade Center, Brigade Gateway,  
No.26/1, Dr. Rajkumar Road, Malleshwaram West,  
Bengaluru – 560 055  
CIN: L32202KA1949PLC032923

# Annexure to AGM Notice

DETAILS OF THE DIRECTOR SEEKING APPOINTMENT AT THE 69TH ANNUAL GENERAL MEETING [PURSUANT TO REGULATION 36 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015]

Name of the Director	Tarak Mehta
Director Identification Number	06995639
Date of Birth / Age	16.10.1966 / 52 years
Date of Appointment on the Board	28.10.2014
Qualification	BS Mechanical Engineering MBA Finance & Marketing
Brief profile and nature of their expertise in specific functional areas	<p>Mr Tarak Mehta is President, Electrification Products division of ABB Ltd., Switzerland.</p> <p>Prior to that, he had acted as Executive Vice President, Head of Low Voltage Products division of ABB Ltd., Switzerland, since October 1, 2010 and as Head of Business Unit Transformers at ABB Management Services Ltd since 2007.</p> <p>Mr. Mehta joined ABB Power T&amp;D Company Inc in 1998 and has held various management positions in the Power Products division in the United States, Sweden and Switzerland.</p> <p>Before joining ABB, he worked for nine years at Cooper Power Systems in the United States.</p>
Directorships held in other companies	Nil
Memberships / Chairmanships of committees across all companies	Member, Audit Committee - ABB India Limited
Shareholding of the Director in the Company	Nil

As per amended Regulation 36 of the Listing Regulations, details of Chairmanship / Membership of Audit Committee and Stakeholders' Relationship Committee are provided. Directorships in foreign companies, membership in governing councils, chambers and other bodies, Partnership in firms etc., are not provided.

The aforesaid Director is not related to any other Director.

# Directors' Report

Your Directors have pleasure in presenting their Sixty Ninth Annual Report and Audited Accounts for the year ended December 31, 2018.

## 1. Financial Results:

Particulars	(₹ in Crores)	
	For the year ended	
	December 31, 2018	December 31, 2017
Profit before tax	794.24	621.76
Tax expense:		
– Current tax	282.05	189.90
– Deferred tax	1.30	11.91
Profit after tax	510.89	419.95
Other comprehensive income/ (loss) (net of tax)	1.95	2.22
Balance brought forward from previous year	397.68	127.53
Amount available for appropriation	910.52	549.70
<b>Appropriations:</b>		
Equity dividend paid	93.24	84.76
Tax on equity dividend paid	19.17	17.26
Debenture redemption reserve	-	50.00
General reserve	-	-
Balance carried forward	798.11	397.68

## 2. Dividend:

Your Directors recommend payment of a dividend at the rate of Rs.4.80 (Rupees Four and Paisa Eighty only) per share for the year ended December 31, 2018 on 211,908,375 equity shares of Rs.2/- each.

## 3. Performance Review:

During the year, orders touched Rs.10,115 crore as against Rs.9,490 crore in the Previous Year. In the year 2018, the orders witnessed a healthy growth of 7%, reflecting the technology push and continued traction in transportation and renewable energy. Services and export-led orders resulted in more comprehensive customer engagements. The order backlog at the end of the year stood at Rs.10,111 crore which continued to provide visibility to the future revenue streams. The revenue from operations for the Company for the year 2018 stood at Rs.10,862 crore as against Rs.9,087 crore in the previous year, reflecting stability of operations in an uncertain market situation. Profit before tax was up by 28% at Rs.794.24 crore in 2018 on higher sales as compared to Rs.621.76 crore in the previous year mainly due to operational excellence initiatives, supply chain efficiencies, focus on project management. Net profit after tax was up by 22% at Rs.511 crore for the current year as compared to Rs.420 crore in the previous year. Consequently the earnings per share for the year 2018 stood at Rs.24.11 per share as compared to Rs.19.82 per share in the year 2017.

For detailed analysis of the performance, please refer to the Management's Discussion and Analysis given in **Annexure – A**, forming part of this Report.

## 4. Extract of 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 extract of the Annual Return in the Form MGT-9 is given in **Annexure – B**, forming part of this report.

## 5. Board Meetings held during the year:

During the year, 5 meetings of the Board of Directors were held and one meeting of Independent Directors was also held. The details of the meetings are furnished in the Corporate Governance Report.

## 6. Compliance on criteria of Independence by the Independent Directors:

All Independent Directors of the Company have given declarations to the Company under Section 149 (7) of the Act that, they meet the criteria of independence as provided in Sub-Section 6 of Section 149 of the Act and also under the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

**7. Remuneration Policy of the Company:**

The Remuneration Policy of the Company for appointment and remuneration of the Directors, Key Managerial Personnel and Senior Management of the Company along with other related matters have been provided in the Corporate Governance Report.

As and when need arises to appoint Director, the Nomination and Remuneration Committee (NRC) of the Company will determine the criteria based on the specific requirements. NRC while recommending candidature to the Board, will take into consideration the qualification, attributes, experience and Independence of the Candidate. Director(s) appointment and remuneration will be as per NRC Policy of the Company.

A Statement of Disclosure of Remuneration pursuant to Section 197 of the Act read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is given in **Annexure – C**, forming part of this report.

**8. Dividend Distribution Policy:**

As required under the Regulation 43A of the Listing Regulations, the Company has a Policy on Dividend Distribution. This Policy can be accessed on the Company's website at [www.abb.co.in](http://www.abb.co.in).

**9. Particulars of loans, guarantees or investments under Section 186 of the Act:**

During the year under review, your Company has not granted any Loan, Guarantees or made Investments within the meaning of Section 186 of the Act.

**10. Amount, if any, proposed to be transferred to Reserves:**

During the year under review, the Company redeemed entire Non-Convertible Debentures, consequent to which, balance amount in the Debenture Redemption Reserve was transferred to General Reserves. Except this, the Company has not transferred any amount to General Reserves.

**11. Material changes and commitment, if any, affecting financial position of the Company from the end of Financial Year and till the date of this Report:**

There has been no material change and commitment, affecting the financial performance of the Company occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of this Report.

**12. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:**

The particulars as prescribed under Section 134 of the Act read with Rule 8 (3) of the Companies (Accounts) Rules, 2014, relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo are given in **Annexure – D**, forming part of this report.

**13. Risk Management Policy:**

The Company has a Risk Management Policy and constituted a Risk Management Committee as required under Listing Regulations. The Committee oversees the Risk Management process including risk identification, impact assessment, effective implementation of the mitigation plans and risk reporting. The purpose of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities with regard to enterprise risk management.

The details and the process of Risk Management as implemented in the Company are provided as part of Management's Discussion and Analysis which forms part of this Report.

**14. Corporate Social Responsibility (CSR) initiatives:**

The Company has a Policy on Corporate Social Responsibility and has constituted a CSR Committee as required under the Act for implementing various CSR activities. Composition of the Committee and other details are provided in Corporate Governance Report. Education, Access to Electricity, Health Care, Environment, skills enhancement for creating employable opportunities for the differently abled personnel, etc., are the focal area under the CSR Policy.

The Company has implemented various CSR projects directly and / or through implementing partners and the projects undertaken by the Company are in accordance with Schedule VII of the Act. During the year under review, the Company has achieved more than 100% of the amount to be spent by the Company on CSR activities.

Detailed report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is given in **Annexure – E**, forming part of this report.

**15. Annual evaluation of Board, its Committees and Individual Directors:**

The Board of Directors has carried out an annual evaluation of its own performance, its Committees and Directors pursuant to the requirements of the Act and the Listing Regulations.

Further, the Independent Directors, at their exclusive meeting held during the year, reviewed the performance of the Board, its Chairman and Non-Executive Directors and other items as stipulated under the Listing Regulations.

#### 16. Audit Committee:

The details pertaining to composition of the Audit Committee and terms of reference are included in the Corporate Governance Report, which forms part of this Report.

#### 17. Related Party Transactions:

The Board of Directors has adopted a policy on Related Party Transactions. The objective is to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties. All contracts or arrangements with related parties, entered into or modified during the financial year were at arm's length basis and in the ordinary course of the Company's business except the one which is reported herein below:

The Company took decision to discontinue its EPC Substation Business hitherto carried out as a strategy to focus more on technology-based value-added business offerings thereby improving margin and lowering high risk businesses. Accordingly, the discontinued EPC Substation Business comprising 32 customer contracts with their corresponding assets and liabilities were transferred to ABB Substations Contracting India Private Limited (Buyer Company), a wholly owned Indian Subsidiary of ABB Group incorporated for this purpose, for a total consideration of Rs 30 Crore. The Company and the Buyer Company executed an "Asset Purchase Agreement" to that effect. Out of the 32 customer contracts transferred, execution status of about 27 contracts have already reached at a significant level and it is expected the final closure of all these contracts might be achieved in 2 to 3 years' time. These 27 contracts will stay with the Buyer Company (ABB Group Company) for completion of execution and handing over the Projects to respective customers.

As the aforesaid transfer of Customer Contracts with their related assets and liabilities fall within the ambit of Related Party Transaction within the provisions of Section 188 of the Companies Act, 2013, required disclosure is made in Form No.AOC-2 pursuant to Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 which is attached as Annexure-F.

The balance 5 Customers Contracts which are new and execution activities are yet to commence and/or at a starting level, will further be transferred by the Buyer Company to a new Company formed in India for

doing the EPC Substation business by the overseas JV Company in which SNC Levlin and ABB Group would be having equity of 51% and 49% respectively.

All contracts or arrangements were entered into only with prior approval of the Audit Committee, except transactions which qualified under Omnibus approval as permitted under law.

Transactions with related parties, as per requirements of Indian Accounting Standard 24 are disclosed in the notes to accounts annexed to the financial statements. Your Company's Policy on Related Party Transactions, as adopted by your Board, can be accessed on the Company's website. Link for the same is <http://new.abb.com/docs/librariesprovider19/default-document-library/related-party-transaction-policy.pdf?sfvrsn=2>

#### 18. Reporting of frauds:

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and/or Board under Section 143(12) of the Act and Rules framed thereunder.

#### 19. Transfer to Investor Education and Protection Fund:

As required under Section 124 of the Act, the unclaimed dividend amount aggregating to Rs.21.46 lakh lying with the Company for a period of seven years pertaining to the financial year ended on December 31, 2010, was transferred during the financial year 2018, to the Investor Education and Protection Fund established by the Central Government.

#### 20. Particulars of Employees:

The information on employee particulars as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time, are given in **Annexure-G**, forming part of this report. In terms of Section 136 of the Act, the Report and Financial Statements are being sent to the Members and others entitled thereto, excluding this Annexure. This Annexure shall be provided to Members on a specific request made in writing to the Company. The said information is available for inspection by the Members at the Registered Office of the Company on any working day of the Company up to the date of the 69th Annual General Meeting.

#### 21. Demerger of Power Grids business:

The Board of Directors of the Company at their meeting held on February 13, 2019 has granted in-principle approval for the segregation of the Company's Power Grids business from the Company's



other businesses. The Board has also determined that a court-approved demerger is the preferred option. In this regard, your Company has incorporated a wholly owned subsidiary Company i.e., ABB Power Products and Systems India Limited. Necessary approvals as may be required under the law including approval from Members will be initiated at appropriate time.

## 22. Directors' Responsibility Statement:

To the best of knowledge and belief and according to the information and explanations obtained by us, your Directors make the following statements in terms of Section 134(3)(c) and 134(5) of the Act, that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at December 31, 2018 and of the profit and loss of the Company for the year ended on that date;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis;
- (e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 23. Disclosure on confirmation with the Secretarial Standards:

Your Directors confirm that the Secretarial Standards issued by the Institute of Company Secretaries of India have been duly complied with.

## 24. Corporate Governance Report and Certificate:

As required under Regulation 34 (3) read with Schedule V (C) of the Listing Regulations, a report on Corporate Governance and the certificate as required under Schedule V (E) of the Listing Regulations from

Messrs V. Sreedharan & Associates, Practicing Company Secretaries, regarding compliance of conditions of Corporate Governance are given in **Annexure – H** and **Annexure – I** respectively, forming part of this report.

## 25. Secretarial Audit:

Pursuant to provisions of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and amendments thereto, your Company engaged the services of Messrs BMP & Co. LLP, Company Secretaries, Bengaluru, to conduct the Secretarial Audit of the Company for the financial year ended December 31, 2018. The Secretarial Audit Report in Form MR-3 is given in **Annexure – J**, forming part of this report.

## 26. Business Responsibility Report:

As required under Regulation 34 of the Listing Regulations, the Business Responsibility Report forms part of the Annual Report.

## 27. Whistle Blower Policy:

The Company has a Vigil Mechanism for Directors and Employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of conduct. The mechanism provides for adequate safeguards against victimization of Director(s) and Employee(s) who avail of the mechanism.

The Whistle Blower Policy is available on Company's website at [www.abb.co.in](http://www.abb.co.in).

## 28. Directors and Key Managerial Personnel:

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on October 30, 2018, has approved

- (a) the re-appointment of Mr. Sanjeev Sharma as Managing Director of the Company for a period of three years commencing from January 01, 2019 to December 31, 2021;
- (b) for continuation of Directorship beyond March 31, 2019, by Mr. Darius E. Udawadia, Non-executive Director, who has attained the age of 75 years and in compliance with SEBI (Listing Obligations Disclosure Requirements), Regulations 2015, as amended, subject to approval of Shareholders by way of Special Resolution.

Shareholders of the Company have approved both aforesaid proposals with requisite majority through Postal Ballot held during January/February 2019.

Apart from aforesaid changes there are no changes in Directors and Key Managerial Personnel of the Company during the rest of the year. Details of Directors, Key Managerial Personnel and Composition of various Committees of the Board are provided in the Corporate Governance Report forming part of this report.

In accordance with the provisions of the Companies Act, 2013 read with Article 157 of the Articles of Association of the Company, Mr. Tarak Mehta (DIN: 06995639), Director, retire by rotation at the ensuing Annual General Meeting of the Company, and being eligible, offers himself for re-appointment.

Necessary resolution relating to Mr. Tarak Mehta, Director, who is seeking re-appointment as a Director is included in the Notice of Annual General Meeting. The relevant details of Mr. Mehta are given in the annexure to the Notice of the Annual General Meeting.

As on date, Mr. Sanjeev Sharma, Managing Director, Mr. B. Gururaj, Company Secretary and Mr. T.K. Sridhar, Chief Financial Officer, are the Key Managerial Personnel of the Company.

### 29. Deposits:

During the year under review, your Company did not accept any deposit within the meaning of the provisions of Chapter V – Acceptance of Deposits by Companies read with the Companies (Acceptance of Deposits) Rules, 2014.

### 30. Debentures:

During the year under review, the Company has redeemed the entire 600 Unsecured Redeemable Non Convertible Debentures of face value of Rs.1,00,00,000/- each, i.e., on September 4, 2018.

### 31. Significant and Material Orders Passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company:

There has been no significant and material order passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations.

### 32. Internal Control Systems and their adequacy:

The details on Internal Control Systems and their adequacy are provided in the Management's Discussion and Analysis which forms part of this Report.

### 33. Disclosure as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. As required under law, an Internal Complaints Committee has been constituted for reporting and conducting inquiry into the complaints made by the victim on the harassments at the work place. During the year 2018, two complaints of sexual harassment were received. These complaints were investigated by the Internal Complaints Committee and Report is awaited.

### 34. Statutory Auditors:

Pursuant to provisions of Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, Messrs B S R & Co. LLP, Chartered Accountants (Firm Registration No.101248W/W-100022), were appointed as Statutory Auditors of the Company for a term of 5 years, to hold office from the conclusion of 67th Annual General Meeting held on May 9, 2017 until the conclusion of 72nd Annual General Meeting.

### 35. Cost Auditor:

In terms of the provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, the Board of Directors, on the recommendation of the Audit Committee, has appointed Messrs Ashwin Solanki & Associates, Cost Accountants (Registration No: 100392) as Cost Auditor of the Company, for the financial year ending December 31, 2019, on a remuneration as mentioned in the Notice convening the 69th Annual General Meeting for conducting the audit of the cost records maintained by the Company.

A Certificate from Messrs Ashwin Solanki & Associates, Cost Accountants has been received to the effect that their appointment as Cost Auditor of the Company, if made, would be in accordance with the limits specified under Section 141 of the Act and Rules framed thereunder.

A resolution seeking Members' approval for remuneration payable to Cost Auditor forms part of the Notice of the 69th Annual General Meeting of the Company and same is recommended for your consideration.

Cost Audit and Compliance reports for the year 2018 were filed with the Registrar of Companies, within the prescribed time limit.

their support and co-operation extended to the Company during the year.

**36. Acknowledgements:**

The Board of Directors take this opportunity to thank the Company's parent company, customers, members, suppliers, bankers, associates, Central and State Governments and employees at all levels for

Place: Bengaluru  
Date: March 1, 2019

For and on behalf of the Board

J C Deslarzes  
Chairman  
DIN: 08064621

# Annexure – A to Directors' Report

## Management's Discussions and Analysis

### Economic and market overview

In 2018, the impact of the two transformative policies of the government of GST and demonetization was settling down. The economy was in recovery mode with GDP set to grow at 7.4 percent for FY 19, and India retaining the title of fastest growing economy in the world as per IMF estimates. The year ended with Consumer Price Index (CPI) inflation hitting 18-month low, eases to 2.2 percent in December. The January to November levels of IIP increased from 3 percent 2017 to 5 percent. The capital goods, electricity and the manufacturing sectors witnessed growth as numbers revealed for the same period of January to November in 2018.

The growth was mostly consumption driven and boosted by government's expenditure on infrastructure, awaiting revival of private sector expenditure. The decline in commodity prices helped boost Indian exports even at a time of global tensions for most of the year. India's overall exports (merchandise and services combined) in April-November 2018-19 are estimated to be USD 352 billion, exhibiting a growth of 15.5 percent over the same period in 2017. The Indian Rupee witnessed a volatile 2018. A few factors affecting the Rupee decline include a strong demand for the US dollar from banks and importers in the face of weak condition of regional Asian currencies against greenback, tighter monetary conditions in USA with the Fed hiking rates, rising crude oil import bills, and the Turkish currency crisis among others in the first half of the year.

On the regulatory front, stronger Insolvency and Bankruptcy Code aimed for a more time-bound and stringent process. This resulted in continued consolidation in sectors like cement and steel. The government also reduced timeline for commissioning of solar power projects by six months to accelerate renewable energy capacity addition.

The company continued its focus on the solid fundamentals at a time of brownfield opportunities. The growth windows offered in capital goods, limited revival in process industries, electricity and manufacturing were reflected in stronger order books. Brownfield investment brought greater attention to operational excellence initiatives putting the spotlight on digital solutions like process industries, pharma and food and beverage.

### Operational overview

To support our customers at a time of unprecedented technological change, as the impact of various policy initiatives of the government are in the process of settling down, we continue to prepare ourselves to create value for our stakeholders through the best in class global technology portfolio and the three pillars of Next Level strategy of penetration, innovation and expansion.

During the year, the Company opened smart factories for power distribution products in Nashik and Bengaluru. A state of the art center for power technologies - Power Technology Experience Center (TEC) was also opened during the period under review. ABB Power TEC is a knowledge center with team of experts providing hands on training and learning in futuristic and current power engineering, power automation and digital technologies. Extensive technology deployment was also made for digital invoicing, deploying bots for finance functions and a dedicated online portal for payments. The Company also launched an extensive drive for Six Sigma certification of employees and to resolve problems by adopting best practices with 6s tools. Factories have been working on LEAN principles to reduce waste and cycle time while improving productivity. Deployment of smart dashboard technology to monitor care, customer, cost and cash while focusing on safety, customer suggestions, first pass yield (product quality), cost savings and payables plus receivables. The Company's manufacturing facilities were primed to sustain a double-digit growth in emerging areas of business and offerings like robotics, food and beverage, data centers, etc.

The ABB Group in 2018 completed the acquisition of GE Industrial Solutions. The year also witnessed landmark announcements of building the world's most advanced factory where robots will build robots. The first pilot for autonomous passenger ferry operations was also conducted transforming the marine industry. The year also marked the announcement of strategic partnerships of pioneers of ABB with Formula E and Nobel Media. Cementing its position in the electric mobility sphere, ABB also launched the world's fastest charger which can charge a car in 8mins for 200km.

2018 was also the year when ABB in India inked two strategic partnerships which will further research and create a connect between government and implementors in emerging technologies. The first one was with NITI Aayog to make key sectors of Indian economy ready for a digitalized future and realize the potential of AI, big data

and connectivity. The other was with Asia's oldest technical institution for R&D collaboration between ABB and IIT Roorkee to create platforms for research on various aspects of smart city technology deployment to make the historic campus as a model smart one. This agreement for technology collaboration also includes the creation of a Smart Grid Resource Center and support for PhD students. This will serve as a pilot project for the Government of India's Smart Cities Mission.

During the year, orders touched Rs 6729 crore as against Rs 5784 crore in the previous year excluding Power Grid, as the same is reported as discontinued business. In 2018, the Company posted a revenue of Rs 6690 crore, a growth of 10 percent, reflecting the technology push and the continued traction in transportation, digitalization and renewable energy.

Profit before tax grew substantially to Rs 395 crore in 2018 as compared to Rs 334 crore in the previous year mainly due to higher operational efficiency, lower material cost and investments towards entering newer markets. Profit after tax posted a growth of 13 percent at Rs 254 crore for the current year as compared to Rs 225 crore in the previous year. Consequently, the earnings per share for 2018 stood at Rs 12 per share as compared to Rs 10.64 per share in 2017 for continuing operations without PG.

### Services

Service was a catalyst for digitalization in 2018. With continuing focus from customers on brownfield investments and productivity enhancement needs, digital service solutions were adopted by them across segments to drive efficiency and performance KPIs with an eye on sustainability and safety. Value based engagement with customers ensured that we continued the double-digit growth momentum for the period under review.

The year also witnessed the commissioning of the first enterprise-wide deployment of ABB Ability digital solutions for the Indian cement sector and customizing solutions for leading players in the forging sector. In an era of connected devices, it is imperative to collaborate and co-create for mutual and assured success. To this end, the Company deployed customer sector-centric initiatives and consultative approach to leverage on a strong foundation of huge installed base built over many decades. ABB now has more than 210 ABB Ability digital solutions across industry segments. ABB Ability™ brings together ABB digital devices, equipment and solutions and digital-enabling services and connects our customers to the power of the industrial internet of things to help turn data insights into the direct action that 'closes the loop' and generates customer value in the physical world.

During the year, key customers including the cement and petroleum majors recognized the Company for its service commitment. The state and public utilities, Vedanta Group, Indian Oil Corporation, Steel Authority of India

Limited (SAIL), ITC Ltd, Indian Railways, National Thermal Power Corporation (NTPC), Oil & Natural Gas Corporation (ONGC), MRF Ltd., extended their service engagement with the Company.

### Exports

2018 was the year to sustain for Exports after having a landmark year in 2017. ABB India successfully achieved the same with a consistent performance and strong focus on short-cycle orders throughout the year. This reflected with a double-digit growth in base orders, year on year.

Besides the Indian sub-continent, there was a significant growth in orders from Middle East and Africa and this was the first year ever, when these orders contributed to one-fourth of total exports. Break-through came with Electrification Products and numerous small projects involving Industrial Automation. Automation and Electrification products and solutions exports grew by healthy double-digits in the period under review.

The renewable, specifically the solar segment, witnessed significant growth in addition to other industrial segments like cement and steel and this trend is likely to continue for the next couple of years.

### Operational excellence

ABB has embarked on a transformative journey adopting the next level strategy to achieve profitable growth, relentless execution, and business-led collaboration. ABB has been driving industrial change for more than a century as a global pioneering technology leader. Because of our Next Level strategy, all our businesses are number one or two today in their respective markets.

To support the customers in a world of unprecedented technological change and digitalization, ABB will focus, simplify and shape the business for leadership. ABB during the year announced the divestment of Power Grids to Hitachi which will expand the existing partnership and strengthen Power Grids as a global infrastructure leader with enhanced access to markets and financing. To shape a leader focused in digital industries, the Company also announced four leading businesses aligned with customer patterns Electrification, Industrial Automation, Robotics & Discrete Automation (unique combination of B&R and robotics) and Motion (combining ABB's market-leading offering in motors and drives).

During the year, the Company adopted various initiatives across people and processes aimed at strengthening our position in an era of energy and the fourth industrial revolution. The focus was on implementing projects with digital value adds and ABB Ability solutions, simultaneously making the Company's internal processes smarter across functions with continued drive on quality and safety to consistently create value for our various stakeholders and the nation.

## Outlook

The global markets are expected to moderate with impact of geopolitical uncertainties in US, UK markets, higher core inflation, tighter monetary policy and trade tensions. While reforms are likely to continue in the domestic market, the pace is set to slow down due to the national elections. The growth engine is expected to move to the states with the possible drivers in road, railways, waterways, airports, urban infrastructure (smart cities) and electric vehicles. Maintaining the momentum of growth for renewable energy with revised target is projected to provide business opportunities. The push on adoption of advanced digital technologies – big data and AI with technology to curb emissions and improve efficiency is projected to continue. The consolidation in the cement and steel sector could generate more demand for value chain focused technology adoption.

The Company will continue its value-based engagements with the customers while looking at modernization of existing capacities and adopting digitalization. The Company has built a compelling portfolio across the focus sectors of utilities, industries, and transportation and infrastructure. It will continue to drive business growth adopting innovations to bring value to the stakeholders.

## Power Grids

Summarised performance:

Particulars	₹ in crore)	
	2018	2017
Orders	3,386	3,706
Order Backlog	5,884	7,699
Revenue	4,222	3,129
Results	422	308

ABB's Power Grids division offers products, systems, software, automation and service across the power value chain, leveraging the local manufacturing footprint and pool of expertise. Economic growth had slowed down earlier in 2018 due to demonetization and the rollout of GST. While industry capex was subdued, opportunities arose from government investment, and growth in solar and rail segments.

Our customer focused approach and initiatives under the internal 'Power Up' program focused on change and growth, helped us succeed in challenging market conditions. We saw orders coming in from various Engineering, Procurement and Construction (EPC) customers, as well as the metro and rail sector and sustained our leadership position in traction transformers. The division won the order for electrification of Mumbai Metro's line three, and for power quality solutions for the Indian Railway's Dedicated Freight Corridor project.

Our high voltage products and transformers made headway in export markets, with large orders booked for railway electrification and utilities in Tanzania and Azerbaijan. We made inroads into 60Hz markets, and secured open book procurement from PLN, Indonesia's national utility. Our grid automation business also made headway on export order booking.

Digitalization is top of mind for our customers, and we are leaders in the digital transformation of the power industry. Collaboration across business units and divisions and with ABB Ability Innovation Centre (AIC) resulted in C-suite engagement with utilities, transportation and industries. We showcased digital technologies with the launch of the state of the art training centre, ABB PowerTEC at Vadodara. Since then momentum has gathered and we have signed MoUs with academia and leading industry bodies for workshops with utilities and Cigre tutorials. We also signed a landmark MoU with a leading private utility on digitalisation of their infrastructure.

Over the past few years, initiatives to build awareness of leading edge technologies have resulted in successful orders and installations. We commissioned India's first digital substation for Technopark in Kerala and bagged additional digital substation orders from a western state utility. We also commissioned a microgrid at our facility in Vadodara and two microgrids that will power remote areas Gharoyapod and Pradhanbori.

A milestone success for Power Grids was when we received the taking over certificate from PGCIL for the North-East-Agra HVDC project, bringing a successful close to the world's first multi-terminal HVDC link. The RP800 (Raigarh - Pugalur) HVDC project which is in execution has reached the installation phase and received equipment from our factories in Vadodara including HVDC transformers circuit breakers that were developed specifically for this project.

Major orders booked during the year:

- Orders for over 400 traction transformers from various OEMs
- Over 150 trackside transformers for railway electrification from various EPCs
- 220/33KV AIS substation & GIS bay extension for a solar project in Rajasthan
- 7 X 500 MVA, 765kV transformers and reactors for a Southern utility
- Order for electrical balance of power for a solar project in Tamil Nadu
- 400/220kV switchyard at Chintalpudi lift irrigation project
- 400kV gas insulated switchgear for an Eastern state utility

Major orders successfully commissioned/supplied during the year:

- Commissioning of digital substation project in Kerala
- Successful commissioning of 400/230 kV substation for Power Grid Company of Bangladesh Ltd. at Bhulta, Bangladesh
- Successful commissioning of 66/11KV GIS grid substation at Karala, Delhi
- Commissioning of extension of 400kV Silchar (with GIS) S/S associated with North Eastern region strengthening scheme-IV
- Commissioning of 11 nos of 132kV substation in Rajasthan
- Successfully manufactured and delivered medium voltage power quality solution for largest solar park (2 GW+) in the world in Abu Dhabi
- 800 kV DC filter capacitors for HVDC application successfully type tested manufactured and delivered.
- Successful commissioning of India's largest 765KV, 945MVA generator transformer bank
- Supply of 172 locomotive transformers and 280 EMU transformers to various OEMs for railways
  1. Supply of 24 STATCOM transformers & successful commissioning of 1st bank of statcom transformers
  2. Supply of 400kV 63kA circuit breaker for RP800 HVDC project
  3. Supply of 67 bays of 400 kV GIS for RP 800 HVDC project
  4. Supply of 800 kV and 400 kV transformers for RP HVDC 800 project

## Outlook

It has been a year of major milestones, culminating in the announcement of the joint venture between Hitachi and ABB's Power Grids division. This heralds a positive future, with the combined strengths of both companies. Hitachi will strengthen Power Grids as the partner of choice for a stronger, smarter and greener grid, providing access to new and growing markets as well as project financing. The transaction is expected to close in Q2, 2020. In order to sharpen the market focus and growth strategy, the Company, during the year, discontinued its EPC substation business.

On the market side, we expect government spending to subside due to the forthcoming general elections, which will result in reduced opportunity from central utilities. Industry capex revival is seen post elections. Renewables and rail will continue to be areas of growth. We expect prices to remain under pressure due to competition and the desire of government for a lower price discovery in rail and solar projects. We are confident that we have the expertise and footprint to build on the momentum and power ahead.

## Industrial Automation

Summarised performance:

Particulars	(₹ in crore)	
	2018	2017
Orders	1,701	1,525
Order backlog	1,336	1,155
Revenue	1,540	1,409
Results	190	170

## Segment Performance

Improved investments in some of the core sectors of mining and increased investment potentials in steel sectors reflected on the orders booked. Due to high level of business sentiments in this area with more focus on OPEX and efficiency, growth is evident in some of the traditional sectors.

Exports, mainly in the African subcontinent is showing increased focus with government policies supporting the Make in India concept with export thrust helped in more investments. Also, markets in Europe and Middle East have shown growth in the traditional sector which has helped in accessing orders in our bouquet.

With Cement, Oil and Gas and other sectors witnessing growth and potential prospects, the local demand in Food and Beverage and Pharma sectors continue to grow both in domestic and international markets.

New growth areas of digitalization led to significant order intake. Initial investments made by some of the core sectors in cement and steel showing increased demands in our software support services and capacity addition by way of our products in measurement and analytical products gained strong market hold. Specific investments were made in power and water sectors through focused marketing efforts.

Oil & Gas sector which was muted for a couple of years showed signs of improvements by way of our capabilities in transportation and safety services coupled with our software solutions helping customers in energy efficiency.

In the Transportation segment, the turbocharging business secured a good market share with better investments. With the increased market presence in the subcontinent, we could cater to the Railways as well as Shipping businesses with high-end Turbo solutions as well as increasing our service capabilities with increased product support.

Power generation segment continued to face challenges with stalling of projects under execution, low plant load factor and falling investment in new thermal capacity addition which impacted our specialized equipment. The market in renewables is increasing and thus supporting our solutions in the new market growth potential.

Major orders booked during the year:

- A full solution of engineering, supply and commissioning of a Cement Plant in Central Africa.
- Package to build and deliver a telecom solution in the system development in long range petroleum transportation in the Oil and Gas sector.
- Engineering, supply, testing, installation and commissioning for automation and instrumentation for Steel Plants in Europe and Asia
- Automation of Oil Transport process in Africa.

### Segment outlook

The segment continues to focus on improving internal operational efficiencies including implementation of digitalization solutions to improve customer responsiveness. Several digitalization solutions are on the anvil to help strengthen the core offering and make the segment more competitive.

New business streams in the Oil & Gas domain will help drive growth in the coming years. Growth in the steel segment will be primarily driven by exports and better engagement with overseas OEMs.

There is a huge focus in the hydro sector for the power automation business with an added emphasis on helping older power plants become digital-ready.

The water segment will be the prime driver for the instrumentation portfolio, in addition to the power and Oil & Gas segment.

The F&B and Pharma segment continue to be huge focus areas for the automation business as the two segments are slated for two-digit growth – offering huge opportunities to penetrate and expand the automation portfolio.

### Robotics & Motion

Summarised performance:

Particulars	(₹ in crore)	
	2018	2017
Orders	2,637	2,008
Order Backlog	1,860	1,723
Revenue	2,502	1,936
Results	221	163

The division demonstrated quarter on quarter profitable growth, keeping the customer-first approach and business fundamentals in the right direction.

All three businesses– drives, motors & generators, robotics - registered strong performance with increased penetration in transportation, Food and Beverage (F&B), HVAC, metal, COG, water and wastewater segments. Its presence in the automotive segment was strengthened with robotics business making headways into new projects. To boost business further, the division leveraged ecommerce platforms and listed products to serve new markets, particularly tier II and tier III.

A healthy order book and focused execution combined with right product mix helped improve margins. Top line was helped by the traction convertor orders and a notable success - breakthrough order for traction motors for the Indian Railways. Supporting the government's initiatives in renewable energy, the drives business commissioned total 1 GW of solar SCADA.

Leveraging digitalization offerings for the Indian customers, the division sold over 300 motor smart sensors for diverse industries and is remotely monitoring more than 430 drives from company's Peenya facility.

Proudly associated with another milestone project – the Statue of Unity, world's tallest structure, in Kevadia, Gujarat, ABB's energy efficient drives are ensuring the tourists and employees at the facility stay comfortable and safe with climate control and ventilation solutions.

After Kerala's severe floods, the motor service team swiftly repaired the generator at Kuthungal Hydro Electric Plant, returning power to over a million people in the Idukki district.

New technology, product range, and capacity expansion activities during the year:

- Introduced low harmonics drives for premium health care institutes
- Launched ACQ580 drives for water and wastewater applications
- Increased manufacturing capacity of LV motors to meet local demand and MEA export markets
- Introduced new modular vertical induction, next generation TEFC and hazardous area MV motors

Major orders booked during the year:

- Propulsion system and composite converter orders from Chittaranjan Locomotive Works (CLW) and Diesel Locomotive Works(DLW), Varanasi
- Bagged one of its largest motor order - of traction motors for the Indian railways through an OEM
- More than 11,000 solar pump drives sold
- Robotics business received breakthrough orders from food and beverage customers and its first paint sealant project from a Japanese OEM



## Segment outlook

Light industries such as F&B, HVAC, textile etc., are showing strong growth potential. Electrification in railways is supporting the traction segment and government's push on infrastructure projects has helped in sustaining growth momentum in the heavy industries where ABB is offering its energy efficient products for the metal and cement industries. However, the growth outlook on wind has not been as expected but ABB, being one of the largest wind generators, is well poised to serve the wind market. The division's product portfolio is well aligned to leverage positive factors in the market and support customers with cost effective and energy efficient solutions.

## Awards and recognition

Recognition received from a renowned MNC manufacturer of sustainable and innovative industrial productivity solutions for compressors, gases, and other industrial and assembly tools.

## Electrification Products

Summarized performance:

Particulars	(₹ in crore)	
	2018	2017
Orders	2,754	2,481
Order backlog	1,337	1,170
Revenue	2,616	2,439
Results	250	281

EP Division continued its growth trend keeping its focus on developing market share by customer-centric activities. We continue to expand our product offering with the addition of new products and strong sales channel management, leading to market penetration. Our continued emphasis on local manufacturing is resulting in quicker market access and strong on-time delivery performance. Our capacity utilization on some of our lines has been at an all-time high. This has been the year of technology absorption, adaptation and innovation efforts, with a new product, launches like the Emax 2, DC Fast charger, Switches – Ivie & tvisha, DB – Itus & Honora.

Highlights during the year:

- A leading tyre manufacturer deploys ABB Ability remote digital monitoring technology, reinforces industry 4.0 for the Indian tyre industry: ABB Ability MyRemoteCare digital solution for medium voltage power distribution will increase efficiency, reliability while minimizing downtime in the manufacturing processes in one of the fastest growing tyre markets in the world
- ABB's Compact Secondary Substations (CSS) powers up the longest rail-cum-road bridge in India: The 4.94 km long Bogibeel bridge inaugurated by Honorable Prime Minister Narendra Modi uses ABB's Compact Secondary Substation (CSS) to receive reliable power supply.

- ABB opens new factory in Nashik for power distribution products. The smart factory will actively promote the drive to 'Make in India', exporting power products across the world, improving power distribution across sectors.
- ABB opened its first smart factory in south India for electrical safety and energy efficiency solutions at Nelamangala in March 2018. This smart factory through continuous monitoring and interconnected processes enables visualization of operation data of the shop-floor on a screen along with the operator's skills matrix
- Launched world's fastest electric vehicle charger during MOVE Summit

## Key Successes

- Effective partnerships and leveraging eco-systems: MoUs with NITI Aayog to promote advanced technologies & IIT Roorkee for smart power distribution
- Indian International Stadiums: Stable and reliable power management for sports stadiums – hockey stadium – Kalinga Stadium at Bhubaneswar, which hosted the World Hockey Championships and Lucknow cricket stadium where Rohit Sharma scored his 4th T20 International century.
- Re-Energizing Indian Railways: ABB provided solar inverters to 750 railway stations to reduce dependence on traditional energy sources along the northern line – one of the world's highest-traffic rail corridors.
- Global feeder factory for Solar invertors in India fully implemented. Orders from several countries including US, Japan, Switzerland, Finland etc have started coming.

The division will continue to focus on the customer, geographic and segment coverage, providing our customers with the latest in technology and innovation through locally produced products and solutions. Segments like Water, Datacenters, Pharma, Hospitality, Healthcare and F&B will continue to be at crucial for bringing stronger growth.

## Human Resources

The Company's Human Resources function continues to be a valued contributor to success of the business. The company continues to attract top performers due to its inclusive culture and the opportunities available for growth. The people strategy is aligned with the Company's overall ambition to be a pioneering technology leader. This required continuing to provide a stable work environment in a growing market and maximizing the potential of the Company's workforce. To ensure we continue to attract top talent, multiple employer branding initiatives were launched.

During the year, the Company has consistently set a clear path to learn and adapt to perform better in the changing market situation with its enhanced performance management and talent strategy, focusing on building a healthy pipeline by attracting, assessing and developing talent. In addition, focused attention to providing an inclusive environment to promote diversity in gender, age

and culture, inculcating a learning culture within the teams, including opportunities for global mobility, were introduced to manage talent in key function areas. The Company's competency model - Values Pairs, have been aligned with the business strategy. A renewed focus on learning and development was established with the learning and development team through the implementation of learning journeys and programs targeting the different layers within the organization.

In 2018, the Company launched a reward and recognition program to recognize exceptional performance and behavior in line with organizational values. There was continuous focus on improving the diversity in the workforce throughout the year. The entire approach to wellbeing was based on increasing diversity, promoting learning for growth and recognizing performance. Annual medical checkups and camps were set up through the year to promote physical wellbeing.

Industrial relations remained cordial and harmonious across all manufacturing locations. A continued focus was ensured on the governance of various processes and initiatives across the organization. At the close of the year, the Company had 5,531 permanent employees, as against 5,590 in the previous year.

### **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. In addition to limited funding, the existing capacity glut translated to even lesser investment by industries in greenfield and brownfield projects. In addition, the Company's reputation in the market and long-term goodwill with leading banks ensured advantageous arrangements of various finance facilities. In 2018, the interest cost borne by the Company was Rs. 76.60 crore compared to Rs. 77.31 crore in 2017. As of December 31, 2018, the Company had the net cash balance of Rs. 1462 crore. 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. The Company has adopted Ind AS, accounting standards.

### **Internal control systems and Integrity**

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. 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 department owns a holistic Internal Control framework comprising of elements like Country Management Committee, Group Directives and Instructions, 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 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 Risks. 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.

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.

# Annexure - B to Directors' Report

## Form No. MGT-9

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

Extract of Annual Return

As on the financial year ended on 31.12.2018

### I. REGISTRATION AND OTHER DETAILS:

Sl. No.	Particulars	Details
i.	CIN	L32202KA1949PLC032923
ii.	Registration Date	24.12.1949
iii.	Name of the Company	ABB India Limited
iv.	Category / Sub-Category of the Company	Public Company, Limited by Shares
v.	Address of the Registered office and contact details	21st Floor, Word Trade Center, Brigade Gateway, No.26/1, Dr. Rajkumar Road, Malleshwaram West, Bengaluru – 560 055 Phone: +91 80-22949150 to 22949153 Fax: +91 80-22949148
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Share Transfer Agents, if any	Karvy Fintech Private Limited 46, Avenue, 4th Street, No.1, Banjara Hills, Hyderabad – 500 034. Phone: 1800 3454 001 / 040 6716 2222 Fax: 040 – 2342 0814 Email: einward.ris@karvy.com

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1	Manufacture of electric motors, generators, transformers and electricity distribution and control apparatus	271	77
2	Manufacture of other electrical equipment	279	15

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	ABB Asea Brown Boveri Limited Affolternstrasse 44 P.O. Box 8131 CH-8050, Zurich, Switzerland	NA	Holding	75.00	2(46)
2	ABB Power Products and Systems India Limited Company situated at 21st Floor, Board Room, World Trade Center, No.26/1 Dr Rajkumar Road, Malleshwaram West, Bengaluru – 560 055	U31904KA2019PLC121597	Subsidiary	100.00	2(87)(ii)

**IV. SHARE HOLDING PATTERN (Equity Share Capital breakup as percentage of total Equity):****i. Category-wise Share Holding:**

Sl. No.	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	<b>Promoter and Promoter Group</b>									
(1)	Indian									
(a)	Individual / HUF	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1):	0	0	0	0.00	0	0	0	0.00	0.00
(2)	Foreign									
(a)	Individuals (NRIs / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	158931281	0	158931281	75.00	158931281	0	158931281	75.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2):	158931281	0	158931281	75.00	158931281	0	158931281	75.00	0.00
	Total A=A(1)+A(2):	158931281	0	158931281	75.00	158931281	0	158931281	75.00	0.00
(B)	<b>Public Shareholding</b>									
(1)	Institutions									
(a)	Mutual Funds / UTI	12443032	0	12443032	5.87	14688201	0	14688201	6.93	1.06
(b)	Financial Institutions / Banks	16608032	4660	16612692	7.84	14009359	4660	14014019	6.61	-1.23
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	6553527	0	6553527	3.09	6715187	0	6715187	3.17	0.08
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(1):	35604591	4660	35609251	16.80	35412747	4660	3417407	16.71	-0.09
(2)	Non-Institutions									
(a)	Bodies Corporate	1863188	9369	1872557	0.88	2056636	9114	2065750	0.97	0.09
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs 1 lakh	12379059	1938498	14317557	6.76	12099340	1773662	13873002	6.55	-0.21
	(ii) Individuals holding nominal share capital in excess of Rs 1 lakh	135185	0	135185	0.06	561441	0	561441	0.26	0.20
(c)	Others									
	Clearing Members	95778	0	95778	0.05	35063	0	35063	0.02	-0.03
	Foreign Nationals	0	705	705	0.00	0	705	705	0.00	0.00
	IEPF	537523	0	537523	0.25	537523	0	537523	0.25	0.00
	Non Resident Indians	137524	1440	138964	0.07	132146	1440	133586	0.06	0.00
	NRI Non-Repatriation	258784	0	258784	0.12	335527	0	335527	0.16	0.04
	Trusts	10790	0	10790	0.01	10790	0	10790	0.01	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2):	15417831	1950012	17367843	8.20	15774766	1784921	17559687	8.29	0.09
	Total B=B(1)+B(2):	51022422	1954672	52977094	25.00	51187513	1789581	52977094	25.00	0.00
	Total (A+B):	209953703	1954672	211908375	100.00	210118794	1789581	211908375	100.00	0.00
(C)	Shares held by custodians, against which Depository Receipts have been issued	0	0	0	0.00	0	0	0	0.00	0.00
(1)	Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	Grand Total (A+B+C):	209953703	1954672	211908375	100.00	210118794	1789581	211908375	100.00	0.00

**ii. Shareholding of Promoters:**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	ABB Asea Brown Boveri Ltd	146390951	69.08	0	158931281	75.00	0	5.92
2.	ABB Norden Holding AB	12540330	5.92	0	0	0	0	0
	<b>Total</b>	<b>158931281</b>	<b>75.00</b>	<b>0</b>	<b>158931281</b>	<b>75.00</b>	<b>0</b>	<b>0</b>

**iii. Change in Promoters' Shareholding (please specify, if there is no change):**

During the financial year 2018, ABB Asea Brown Boveri Limited, Zurich, Switzerland, has acquired 12,540,330 (5.92%) Equity shares of the Company from ABB Norden Holding AB, Sweden, under Inter-se transfer of shares amongst Promoters / promoter group and ABB Norden Holding AB, Sweden, has sold 12,540,330 (5.92%) Equity shares of the Company to ABB Asea Brown Boveri Limited, Zurich, Switzerland, under Inter-se transfer of shares amongst Promoters / promoter group.

**iv. Shareholding pattern of top ten shareholders (Other than Directors, Promoters and holders of GDRs and ADRs):**

Sl. No.	Name/ Date	Type	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
			No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
1	LIFE INSURANCE CORPORATION OF INDIA - IN30081210000012					
	01/01/2018	Opening Balance	14439268	6.81	-	-
	05/01/2018	Sale	153066	0.07	14286202	6.74
	12/01/2018	Sale	411956	0.19	13874246	6.55
	19/01/2018	Sale	200147	0.09	13674099	6.45
	23/02/2018	Sale	25057	0.01	13649042	6.44
	02/03/2018	Sale	94194	0.04	13554848	6.40
	09/03/2018	Sale	34894	0.02	13519954	6.38
	16/03/2018	Sale	3703	0.00	13516251	6.38
	23/03/2018	Sale	42024	0.02	13474227	6.36
	06/04/2018	Sale	44708	0.02	13429519	6.34
	13/04/2018	Sale	85585	0.04	13343934	6.30
	20/04/2018	Sale	49663	0.02	13294271	6.27
	27/04/2018	Sale	383706	0.18	12910565	6.09
	04/05/2018	Sale	5712	0.00	12904853	6.09
	11/05/2018	Sale	36017	0.02	12868836	6.07
	19/10/2018	Sale	3819	0.00	12865017	6.07
	26/10/2018	Sale	64732	0.03	12800285	6.04
	02/11/2018	Sale	450841	0.21	12349444	5.83
	09/11/2018	Sale	58867	0.03	12290577	5.80
	16/11/2018	Sale	148335	0.07	12142242	5.73
	21/12/2018	Sale	22435	0.01	12119807	5.72
	31/12/2018	Closing Balance	-	-	12119807	5.72

Sl. No.	Name/ Date	Type	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
			No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
2	RELIANCE CAPITAL TRUSTEE CO. LTD IN30016710015686					
	01/01/2018	Opening Balance	2350000	1.11	-	-
	05/01/2018	Purchase	8000	0.00	2358000	1.11
	12/01/2018	Purchase	30600	0.01	2388600	1.13
	19/01/2018	Purchase	68400	0.03	2457000	1.16
	26/01/2018	Purchase	114215	0.05	2571215	1.21
	02/02/2018	Purchase	83785	0.04	2655000	1.25
	09/02/2018	Purchase	45000	0.02	2700000	1.27
	09/03/2018	Purchase	27000	0.01	2727000	1.29
	27/04/2018	Purchase	45000	0.02	2772000	1.31
	04/05/2018	Purchase	27000	0.01	2799000	1.32
	20/07/2018	Purchase	9000	0.00	2808000	1.33
	03/08/2018	Purchase	90000	0.04	2898000	1.37
	14/09/2018	Purchase	45000	0.02	2943000	1.39
	28/09/2018	Purchase	45000	0.02	2988000	1.41
	05/10/2018	Purchase	90000	0.04	3078000	1.45
	12/10/2018	Purchase	27000	0.01	3105000	1.47
	21/12/2018	Purchase	153000	0.07	3258000	1.54
	28/12/2018	Purchase	27000	0.01	3285000	1.55
	31/12/2018	Closing balance	-	-	3285000	1.55
3	ABERDEEN GLOBAL INDIAN EQUITY LIMITED - IN30179910076701					
	01/01/2018	Opening Balance	2100870	0.99	-	-
	16/02/2018	Sale	7291	0.00	2093579	0.99
	23/03/2018	Sale	74135	0.03	2019444	0.95
	30/03/2018	Sale	25557	0.01	1993887	0.94
	06/04/2018	Sale	74951	0.04	1918936	0.91
	05/10/2018	Sale	5268	0.00	1913668	0.90
	12/10/2018	Sale	14602	0.01	1899066	0.90
	19/10/2018	Sale	2877	0.00	1896189	0.89
	02/11/2018	Sale	27849	0.01	1868340	0.88
	09/11/2018	Sale	35856	0.02	1832484	0.86
	16/11/2018	Sale	35291	0.02	1797193	0.85
	23/11/2018	Sale	49131	0.02	1748062	0.82
	30/11/2018	Sale	9126	0.00	1738936	0.82
	31/12/2018	Closing Balance	-	-	1738936	0.82
4	HDFC TRUSTEE COMPANY LIMITED - HDFC PRUDENCE FUND- IN30005410009134					
	01/01/2018	Opening Balance	1775000	0.84	-	-
	03/08/2018	Sale	90000	0.04	1685000	0.80
	10/08/2018	Sale	1023	0.00	1683977	0.79
	07/09/2018	Sale	5500	0.00	1678477	0.79
	21/09/2018	Sale	324000	0.15	1354477	0.64
	16/11/2018	Sale	245000	0.12	1109477	0.52
	31/12/2018	Closing Balance	-	-	1109477	0.52
5	HDFC TRUSTEE COMPANY LIMITED - HDFC TOP 200 FUND- IN30005410009118					
	01/01/2018	Opening Balance	1555200	0.73	-	-
	02/03/2018	Sale	60000	0.03	1495200	0.71
	09/03/2018	Sale	56500	0.03	1438700	0.68
	16/03/2018	Sale	107904	0.05	1330796	0.63
	23/03/2018	Sale	22500	0.01	1308296	0.62
	06/04/2018	Sale	100000	0.05	1208296	0.57
	18/05/2018	Sale	191000	0.09	1017296	0.48
	13/07/2018	Sale	26000	0.01	991296	0.47
	20/07/2018	Sale	1372	0.00	989924	0.47
	19/10/2018	Sale	185000	0.09	804924	0.38
	31/12/2018	Closing Balance	-	-	804924	0.38

Sl. No.	Name/ Date	Type	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
			No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
<b>6</b>	<b>GENERAL INSURANCE CORPORATION OF INDIA - IN30081210000029</b>					
	01/01/2018	Opening Balance	1100000	0.52	-	-
	26/01/2018	Sale	25000	0.01	1075000	0.51
	09/02/2018	Sale	21086	0.01	1053914	0.50
	16/02/2018	Sale	16523	0.01	1037391	0.49
	02/03/2018	Sale	10555	0.00	1026836	0.48
	09/03/2018	Sale	6836	0.00	1020000	0.48
	31/12/2018	Closing Balance	-	-	1020000	0.48
<b>7</b>	<b>VANGUARD EMERGING MARKETS STOCK INDEX FUND - IN30016710011470</b>					
	01/01/2018	Opening Balance	972882	0.46	-	-
	26/01/2018	Purchase	4794	0.00	977676	0.46
	02/02/2018	Purchase	4284	0.00	981960	0.46
	23/03/2018	Sale	981960	0.46	0	0.00
	31/12/2018	Closing Balance	-	-	0	0.00
<b>8</b>	<b>RELIANCE CAPITAL TRUSTEE CO LTD - RELIANCE TOP 200 IN30016710034409</b>					
	01/01/2018	Opening Balance	957478	0.45	-	-
	05/01/2018	Purchase	54000	0.03	1011478	0.48
	19/01/2018	Purchase	50000	0.02	1061478	0.50
	16/03/2018	Purchase	112146	0.05	1173624	0.55
	06/04/2018	Purchase	271400	0.13	1445024	0.68
	27/04/2018	Purchase	393304	0.19	1838328	0.87
	11/05/2018	Purchase	250000	0.12	2088328	0.99
	08/06/2018	Purchase	2500	0.00	2090828	0.99
	24/08/2018	Purchase	200000	0.09	2290828	1.08
	19/10/2018	Purchase	110000	0.05	2400828	1.13
	07/12/2018	Purchase	50000	0.02	2450828	1.16
	31/12/2018	Closing Balance	-	-	2450828	1.16
<b>9</b>	<b>RELIANCE CAPITAL TRUSTEE COMPANY LIMITED - IN30016710000279</b>					
	01/01/2018	Opening Balance	837000	0.39	-	-
	12/01/2018	Purchase	81000	0.04	918000	0.43
	19/01/2018	Purchase	102000	0.05	1020000	0.48
	26/01/2018	Purchase	18000	0.01	1038000	0.49
	02/02/2018	Purchase	15000	0.01	1053000	0.50
	04/05/2018	Purchase	19800	0.01	1072800	0.51
	11/05/2018	Purchase	9000	0.00	1081800	0.51
	01/06/2018	Purchase	1855	0.00	1083655	0.51
	13/07/2018	Purchase	23345	0.01	1107000	0.52
	21/09/2018	Purchase	1270	0.00	1108270	0.52
	28/09/2018	Purchase	68730	0.03	1177000	0.56
	02/11/2018	Purchase	11000	0.01	1188000	0.56
	21/12/2018	Purchase	45000	0.02	1233000	0.58
	28/12/2018	Purchase	27000	0.01	1260000	0.59
	31/12/2018	Closing Balance	-	-	1260000	0.59
<b>10</b>	<b>RELIANCE CAPITAL TRUSTEE CO. LTD A/C RELIANCE EQUITY IN30016710014415</b>					
	01/01/2018	Opening Balance	774955	0.37	-	-
	05/01/2018	Purchase	76500	0.04	851455	0.40
	12/01/2018	Purchase	71300	0.03	922755	0.44
	19/01/2018	Purchase	151816	0.07	1074571	0.51
	14/09/2018	Purchase	129226	0.06	1203797	0.57
	31/12/2018	Closing Balance	-	-	1203797	0.57

**v. Shareholding of Directors and Key Managerial Personnel:**

Sl No	Name of the Director/ Key Managerial Personnel	Date	Remarks	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Mr. Darius E. Udawadia	01.01.2018	At the beginning of the year	3500	0.002	-	-
		31.12.2018	At the end of the year	3500	0.002	3500	0.002

Note: None of other Directors and Key Managerial Personnel of the Company hold equity shares of the Company in Financial Year 2018.

**V. INDEBTEDNESS:****Indebtedness of the Company including interest outstanding/accrued but not due for payment:**

(₹ in Crore)				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	NIL	600.35	NIL	600.35
ii) Interest due but not paid	NIL	Nil	NIL	Nil
iii) Interest accrued but not due	NIL	3.16	NIL	3.16
Total (i+ii+iii)	NIL	611.51	NIL	611.51
Change in Indebtedness during the financial year				
- Addition	NIL	3.90	NIL	3.90
- Reduction	NIL	(608.49)	NIL	(608.49)
Net Change	NIL	(604.59)	NIL	(604.59)
Indebtedness at the end of the financial year				
i) Principal Amount	NIL	6.92	NIL	6.92
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	6.92	NIL	6.92

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

		(Amount in ₹)
Sl No	Particulars of Remuneration	Name of MD/WTD/Manager
1.	Name:	Mr. Sanjeev Sharma
2.	Gross salary:	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5,11,32,474
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	61,94,730
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-
3.	Stock Option	-
4.	Sweat Equity	-
5.	Commission	-
	- as % of profit	-
	- others, specify...	-
6.	Others (premium for Group Term Life Insurance, Group Personnel Accident Insurance, Medclaim, PF Company contribution and Meal voucher)	32,43,091
7.	Total (A)	6,05,70,295
	Ceiling as per the Act	37,02,10,000

In addition to the Salary/Perquisites mentioned above, as per Management Incentive Program (MIP) and Long Term Incentive Plan of ABB Group (which conditionally grants Options / Warrant appreciation rights /Equity shares of ABB Group Company to selected key employees), the Managing Director being one of the key employee is entitled for both the programs.



**B. Remuneration to other Directors:**

(Amount in ₹)

Sl No	Particulars of Remuneration	Name of Independent Directors			Total
1.	Name	Mr. Nasser Munjee	Mr. Darius E. Udawadia	Mrs. Renu Sud Karnad	
2.	Fee for attending Board / Committee meetings	2,40,000	2,40,000	2,10,000	6,90,000
3.	Commission*	39,00,000	31,00,000	24,30,000	94,30,000
4.	Others, please specify	-	-	-	-
	Total(1)	41,40,000	33,40,000	26,40,000	1,01,20,000
Name of Other Non-Executive Directors					
1	Name	Mr. Frank Duggan (Upto 08.02.2018)	Mr. Tarak Mehta	Mr. J C Deslarzes (W.e.f. 08.02.2018)	
2.	Fee for attending Board / Committee meetings	-	-	-	-
3.	Commission*	-	-	-	-
4.	Others, please specify	-	-	-	-
	Total(2)	-	-	-	-
	Total (B)=(1+2)	41,40,000	33,40,000	26,40,000	1,01,20,000
	Total Managerial Remuneration (A + B) **				7,00,00,295
	Overall Ceiling as per the Act				81,44,62,000

\* Commission for the year 2017 paid in the year 2018

\*\* Exclusive of sitting fee paid to Independent Directors

**C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:**

(Amount in ₹)

Sl No	Particulars of Remuneration	Key Managerial Personnel		Total
1.	Name and Designation	Mr. B. Gururaj (Company Secretary)	Mr. T K Sridhar (CFO)	
2.	Gross salary:			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,02,25,759	1,34,63,645	2,36,89,404
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	39,600	1,21,669	1,61,269
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	0	0	0
3.	Stock Option	0	0	0
4.	Sweat Equity	0	0	0
5.	Commission - as % of profit - others, specify	0	0	0
6.	Others (premium for Group Term Life Insurance, Group Personnel Accident Insurance, Mediclaim, PF Company contribution and Meal voucher)	9,66,149	12,71,002	22,37,151
	<b>Total (C)</b>	<b>1,12,31,508</b>	<b>1,48,56,316</b>	<b>2,60,87,824</b>

In addition to the Salary/Perquisites mentioned above, as per Management Incentive Program (MIP) of ABB Group, which conditionally grants Options or Warrant appreciation rights to selected key employees. The Chief Financial Officer and the Company Secretary, being key employees, are entitled for the said program.

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

During the year under review, no penalty was levied against the Company, its Directors or any of its Officers under the Companies Act, 2013 and also there was no punishment or compounding of offences against the Company, its Directors or any of its Officers.

For and on behalf of the Board

J C Deslarzes  
Chairman  
DIN: 08064621

Place: Bengaluru  
Date: March 1, 2019

# Annexure - C to Directors' Report

## Statement of Disclosure of Remuneration

The information relating to remuneration of Directors / Key Managerial Personnel as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- Ratio of the remuneration of each Executive Director to the median remuneration of the employees of the Company for the Financial Year 2018, the percentage increase in remuneration of Chief Executive Officer (MD), Chief Financial Officer and Company Secretary during the Financial Year 2018.

Sl No	Name of the Director / Key Managerial Personnel	Designation	Ratio of Remuneration of each Director to median remuneration of employees	Percentage increase in Remuneration
1.	Mr. Sanjeev Sharma	Managing Director	62.1	10%
2.	Mr. T. K. Sridhar	Chief Financial Officer	15.1	10%
3.	Mr. B. Gururaj	Company Secretary	12.1	10%

### Notes:

- Percentage of increase in remuneration is effective July 1, 2018.
  - Independent Directors of the Company are entitled for sitting fees and commission as per the Statutory Provisions and within the limits approved by the Shareholders. As a Policy, the Non-Executive - Non-Independent Directors are neither paid sitting fee nor paid any commission. The details of remuneration of Non-executive Directors are provided in the Corporate Governance Report. The ratio of remuneration and percentage increase for Non-executive Directors Remuneration is therefore not considered for the above purpose.
- Percentage increase in the median remuneration of employees for the financial year: 5.5%.
  - Number of permanent employees on rolls of the Company as on December 31, 2018: 5531
  - Average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and to point out if there are any exceptional circumstances for increase in the managerial remuneration:  
  
As per Company's increment guidelines.
  - Affirmation that the remuneration is as per remuneration policy of the Company: Yes

For and on behalf of the Board

J C Deslarzes  
Chairman  
DIN:08064621

Place: Bengaluru  
Date: March 1, 2019

# Annexure - D to Directors' Report

## Conservation of energy, technology absorption, foreign exchange earnings and outgo.

Pursuant to provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014

### A. Conservation of energy

#### 1. Steps taken or impact on conservation of energy:

- New method of manufacturing of yoke collars has resulted in electricity savings of 14,000 KWH
- Pneumatic system has been interlinked for various buildings to minimize the compressor operation
- Adopted 3R Technique for the day to day maintenance activity items (Recycle-Reuse-Renovate) for the unused/scrap made in the BU Production.
- Reduced use of 80KW washing machine by improving the spot welding operation.
- Improved power factor to 0.973 even after calculating by new formula by repairing all the APFC panels and running them in auto mode.
- Running small 100 cfm compressor during lean period.
- Replaced conventional light fixtures with energy efficient LED light fixtures in office area namely Distribution and Automation, PGTR and Wind Power Generator Factory has resulted in reduction in both energy and maintenance cost.
- Replaced the Cooling Tower in Wind Power Generator factory area. The running hours of cooling tower fan is reduced by replacing and implementing auto temperature cut off feature.
- Power availability at Maneja for the year 2018 was more than 99% by regular preventive maintenance measures and strengthening the monitoring system. This resulted in less production reprocessing time resulting in energy savings apart from less running time for stand by Diesel Generator.
- Implemented Auto Temperature Cut off system in AHU Ductable heaters in Wind Power Generator factory. This resulted in energy saving by reducing the running hours of chillers by auto disconnecting the heaters with the help of sensors and controllers.
- Replaced old CI water line from Water pump house to Main Parking and ABB PowerTEC center by new HDPE line. This reduced the water wastage from leakages and energy saving by reduction in pump operation.
- Replaced high bay 400 W / 250 W Metal halide conventional light fixtures in PGTR factory and Wind Power Generator factory by energy efficient LED light fixtures. This resulted in increased illumination level in factory area and reduction in maintenance cost and energy cost.
- Power saving in lighting achieved by replacing conventional light fixtures by LED and installed Motion sensor in washrooms of PFIKC and RBIKC factory.
- The shifting of Drying system in Halol from industrial LPG cylinder to Piped Natural Gas resulted in lower cost of operation, more efficient Drying and safe for use.
- Power factor for the year 2018 at Savli was maintained at 0.991 by identifying Faulty capacitors, increasing the frequency of periodic/preventive maintenance of capacitor banks, replacement of fixed capacitor bank by Automatic power factor correction panel.
- Improvement of Power factor from 0.96 to 0.99 by replacing old age capacitor banks.
- New AHUs installation in RM store with Energy efficient blower with lower KW rating blower motors ( 11 KW to 9.3 KW x 4 nos x 12 hrs x 25 days).
- Replacement of Outdoor MH Street lights with LED lights. (30 nos MH lamps of 150 watts replaced with 72 watts LED fixture)
- Replacement of old age screw compressor (315 cfm with 55 KW motor) having low working efficiency with new air compressor (365 cfm with 55 KW motor)

#### 2. The steps taken by the company for utilising alternate sources of energy:

- Substituting Grid Energy with Green Energy (Solar energy) to the extent of 12 Million KWH has resulted in reduction of CO2 emission.

- Created Solar Testing Feeder transfer to separate dedicated feeder in HT YARD.
- ABT HT Energy Meter Replaced instead of TOD for using Green power (solar).
- The piping network is extended in garden area to reuse the STP treated water for gardening purpose which has resulted in savings by reduction in fresh water utilization.
- Utilization of own generation of solar power to the possible extent (10kw) sink with LT Grid.

### 3. The Capital Investment on energy conservation equipments:

- Commissioning of new Boiler at Mysore unit has resulted in fuel energy savings of 382,000 KWH.
- Energy efficiency motors installed at Nelamanagala unit for all the shop floor air ventilation system.
- Replacement of old welding machines by new energy efficient one.
- Installed Inverter based VRF (Variable refrigerant flow) system at our new ABB PowerTEC facility in place of conventional ductable and Hi wall split AC system. This has resulted in power savings and also less breakdown due to the inverter technology.
- Installed servo stabilizer in PASS/GIS factory for shop floor and office lighting. This reduced maintenance cost and energy consumption.
- Installed variable frequency drive in blower motors of AHU. This reduced maintenance cost in PASS/GIS factory and resulted in energy savings.
- Installation of 100 KWp Grid synchronized Roof top solar panel at Faridabad.

## B. Technology absorption

### 1. The efforts made towards technology absorption:

- Trip Circuit Supervision Relay (COMBIFLEX RXIM 1)
- Disconnectors (245kV, 300kV) for 63kA-3sec and 50kA-3sec respectively
- Introduction of OLTC in 33kV dry type transformers
- Coupling transformers prototypes for STATCOM projects of Powergrid.
- 250 kVA, 11 / 0.433 kV, Aluminum wound, Outdoor Duty, IP44, Vacuum Cast Resin Dry Type Transformers for pole mounted applications
- New range of building electrical accessories (CWA: IVIE, TVISHA), DB: ITUS and ADIYA
- MV Switchgear: UniGear for HD4, IS limiter Switchgear, UniGear - Digital, Higher BIL LeanGear (ZS9)
- Low voltage Switchgear Series: MNS-Compact, MNS-Fixed Phase I, MNS-R (Global)
- Solar inverters: PVS 980 Central Inverters for Utility-Scale applications, PVS980-58BC for Bi-directional Inverters for energy storage
- DC Fast Chargers (Terra 53) for Electric vehicles
- Increased efficiency motors in frames 280 to 355
- 2MW Double Fed Wind Generator;
- ACS880 based slip power recovery system drive;
- Solar pump drive ACQ80;
- ACS880 based battery backup system;
- Converters: 2 x 130kVA auxiliary for traction; for conversion of diesel to electrical locomotive;
- Advanced paint robots and applicators;
- Enhancement of IRB robot product portfolio including single arm YuMi
- Robots for flexible sub-assemblies and vertical storage.
- Verification Tools: Suite of HW/SW products for verifying accuracy of field instruments, particularly electromagnetic flowmeters.
- Latest generation Variable Turbine Geometry (VTG) technology based TPR61-VTG turbocharger for Indian Railway 3100 / 3300 HP Alco diesel locomotives application
- Automation, electrical and telecom solutions to LPG bottling plants (as per Government's PMUY initiative)

### 2. The benefits derived as a result of technology absorption

Benefits have been reflected in terms of improvement of product reliability and quality, standardization of various products, improved product variants, introduction of new product lines, better aesthetics, meeting specific customer requirements, improved measurement range and accuracy level, cost reduction, reduction in carbon emission and increased acceptability products in local and global markets.

**3. Technologies imported during the last three years**

• Tmax XT MCCB	2016
• OTDC Local assembly	2016
• 145kV GIS	2016
• New generation of LV ACS 880 Drives	2016
• New global general purpose low voltage drive	2017
• Inverter modules for solar inverters and industrial drives	2017
• Slip ring motors in 400 to 500 frames	2017
• Dry type excitation transformer design, 7.7MVA	2017
• Relion 670 series version 2.2	2018
• Multi-feeder protection system (SSC600) product	2018

All technologies are fully absorbed.

**4. The expenditure incurred on Research and Development:**

Considering the nature of research and development, complexity, competency required, time frame, amount and also to optimize overall cost, all major R&D efforts are pooled centrally at the Group level. Certain development activities were carried out by the Company and have been billed to the central technology center. The expenditure had been mainly in the nature of payment of license fee for use of technology knowhow reported as royalty and technology fees under other expenses. Local R&D activities undertaken by the Company were mainly in localizing the products, adoption of global products to local environment, carrying out cost saving actions and other improvements.

**C. Foreign exchange earnings and outgo****Total foreign exchange used and earned**

	(₹ in Crores)	
	2018	2017
(i) Foreign Exchange earned	1,634	1,229
(ii) Foreign exchange used	4,559	3,294

For and on behalf of the Board

J C Deslarzes  
Chairman  
DIN: 08064621

Place: Bengaluru  
Date: March 1, 2019

# Annexure - E to Directors' Report

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITIES (CSR) ACTIVITIES

### 1. Brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

CSR policy:

"ABB India views corporate social responsibility as another channel to further its cause of 'Power and productivity for a better world'. The Company is committed to sustainable and inclusive development of the community's social capital through active engagement".

The main focal areas of ABB India's CSR activities are:

- Education and Skill development: To provide facilities and assist promotion of primary education among children and impart skills training to the youth.
- Access to Electricity: Collaborating to provide innovative off-grid solutions and improve access to electricity in the country
- Health Care: To support and augment ongoing national initiatives on 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

ABB India Corporate Social Responsibility Policy:

<http://www.abb.com/cawp/inabb509/e1e3753d179bae6065257db2003be38c.aspx>

Some of key CSR projects of the Company in the year includes:

- Development of a solar energy based village micro grid in two villages for rural electrification, for affordable and continuous power availability, Maharashtra
- Setting up a central kitchen in NCR Delhi and contribution towards mid-day meal scheme to select Government schools in Karnataka and Maharashtra
- Installation of building automation solution to an integrated sports facility in Karnataka
- Mobile health units and general health checkups for select communities in Karnataka, Gujarat and Chhattisgarh for primary health care
- Promotion of primary education among children and to impart skills training to select women from villages in Gujarat
- Contribution towards running a special school to mainstream children with disability in Karnataka
- Contribution towards running mobile science laboratories for select Government schools across Karnataka, Maharashtra, Gujarat and Faridabad

### 2. Composition of the CSR Committee

Mrs. Renu Sud Karnad – Chairperson - Independent Director  
 Mr. Sanjeev Sharma – Member - Managing Director  
 Mr. Tarak Mehta – Member - Non-executive Director

The Committee met 3 (three) times during the year under review.

### 3. Average net profit of the Company for the last three financial years

Average net profit: Rs. 535.38 Crore

#### 4. Prescribed CSR expenditure (2% of the average net profit of the last three financial years)

The Company during the financial year 2018 is required to spend Rs. 10.71 Crore towards CSR.

#### 5. Details of CSR spent during the financial year:

The Company has spent Rs 10.74 Crore as against the required amount of Rs.10.71 Crore. Details of CSR projects are given below:

a) Manner in which amount spent during the financial year is detailed below::

(Amount in ₹)

Sl No	CSR project or activity identified	Sector in which the project is covered	Project or programs		Cumulative Expenditure Upto Reporting period	Amount spent: Direct or through implementing Agency	Details of Implementing agency	
			(1) Local area or other	(2) State and District where Project or programs implemented				
			(1) Direct expenditure on Project or programs	(2) Overheads				
1	New centralised kitchen in National Capital Region, Delhi	Eradicating hunger and Promoting Education	New Delhi		5,362,525	5,362,525	Through Implementing Agency	The Akshaya Patra Foundation
2	Mid-day meals program in Karnataka and Gujarat	Eradicating hunger and Promoting Education	Karnataka, Gujarat		22,634,200	22,634,200	Through Implementing Agency	
3	Health camps in chosen villages of Raigarh district, Chhattisgarh	Promoting preventive health care	Chhattisgarh		2,482,712	2,482,712	Through Implementing Agency	Helpage India
4	Mobile health units for Karnataka and Gujarat	Promoting preventive health care	Karnataka, Gujarat		5,710,328	5,710,328	Through Implementing Agency	
5	Physiotherapy services for the differently-abled in Vadodara, Halol and Savli regions, Gujarat	Promoting preventive health care	Gujarat		1,066,000	1,066,000	Through Implementing Agency	Society for the Training & Vocational Rehabilitation of the Disabled
6	Education and skill development focused on girls and women from villages of Gujarat	Enhancing vocational skills among women	Gujarat		7,300,000	7,300,000	Through Implementing Agency	Mahila Seva Trust
7	Infrastructure upgradation at Municipal school in Vadodara	Promoting Education	Gujarat		550,156	550,156	Direct implementation	
8	Kerala flood relief contribution	Natural disaster relief	Kerala		3,000,000	3,000,000	Through Implementing Agency	Goonj
9	Science education to Govt school children across states	Promoting Education	Mysore, Faridabad, Vadodara and Nashik,		9,414,684	9,414,684	Through Implementing Agency	Agastya International Foundation
10	Water management in select villages in Nashik, Maharashtra	Making available drinking water	Nashik		1,704,373	1,704,373	Through Implementing Agency	Vanvyas Kalyan Ashram
11	Improving education in 98 Govt schools, Nelamangala, Karnataka	Promoting Education	Nelamangala		2,040,500	2,040,500	Through Implementing Agency	Sivasri Charitable Trust
12	Sharadanjali Integrated School for differently children, Karnataka	Promoting sports and environmental sustainability	Bangalore		10,000,000	10,000,000	Through Implementing Agency	The Association of People with Disability (APD)
13	Cleft and palate correction for 250 children with abnormalities and awareness program across regions	Promoting preventive health care	Different locations		4,000,000	4,000,000	Through Implementing Agency	Akila Bharatha Mahila Seva Samaja, (ABMMS)
14	Building Automation Solution for a sports center, Karnataka	Promoting sports and environmental sustainability	Bellary, Karnataka		7,746,662	7,746,662	Through Implementing Agency	JSW Foundation
15	Micro grid installation for reliable independent power supply to 2 villages in Maharashtra	Access to electricity	Maharashtra		20,109,608	20,109,608	Through Implementing Agency	Joint implementation with Reliance Foundation
16	R&D on Battery Research	Access to electricity	NA		4,290,000	4,290,000	Through Implementing Agency	Indian Institute of Technology Madras (IIT-M)

**6. Reasons for not spending 2% of the average net profit of the last three financial years**

Not applicable as the company has spent more than the required amount.

**7. Responsibility Statement by the Corporate Social Responsibility Committee:**

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

Renu Sud Karnad  
Chairperson – CSR Committee  
(DIN: 00008064)

Sanjeev Sharma  
Managing Director  
(DIN: 07362344)

Place: Bengaluru

Date: March 1, 2019



# Annexure - F to Directors' Report

## FORM AOC-2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

### Details of contract entered into with related parties during Financial Year 2018

1. Details of contracts or arrangements or transactions not at arm's length basis:

During the year, the Company has entered into an Asset Purchase Agreement with ABB Substations Contracting India Private Limited a wholly owned Indian Subsidiary of ABB Group for transfer of assets and corresponding liabilities of the discontinued EPC Substation Business comprising of 32 Customer Contracts. The details of this along with the justification for the same is provided in the Directors' Report.

2. Details of material contracts or arrangement or transactions at arm's length basis - NIL

For and on behalf of the Board

J C Deslarzes  
Chairman  
DIN: 08064621

Place: Bengaluru  
Date: March 1, 2019

# Annexure - G 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., three Independent and three Non-Independent, out of which, one Independent Director is a woman Director. Out of three Non-Independent Directors, one is a Managing Director, which is in conformity with the requirement of Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). The Chairman of the Board is a Non-Executive and Non-Independent Director.

Except the Managing Director two other Non-Executive Non-Independent Directors are liable to retire by rotation. In the ensuing Annual General Meeting, a Non-Executive Non-Independent Director is getting re-appointed. There is no relationship between the Directors inter-se. All the Independent Directors are appointed for the period of five years i.e. up to May 5, 2020.

(i) Composition/ Category of Directors/ Attendance at Meetings/ Directorships and Committee Memberships in other companies as on December 31, 2018

Name	Category <sup>(1)</sup>	Attendance			Directorship in other Indian companies <sup>(2)</sup>	Committee Membership / Chairmanship in Public Companies <sup>(3)</sup>	
		Board meetings held during 2018	Board Meetings Attended	Last AGM attendance		Member	Chairman
Mr. J C Deslarzes (Chairman) <sup>(4)</sup>	NED		5	Yes	Nil	Nil	Nil
Mr. Frank Duggan (Chairman) <sup>(5)</sup>	NED		1	NA	Nil	Nil	Nil
Mr. Sanjeev Sharma	MD		5	Yes	3	1	Nil
Mr. Nasser Munjee	NED (I)	5*	5	Yes	11	1	5
Mr. Darius E. Udawadia	NED (I)		5	Yes	10	7	1
Mrs. Renu Sud Karnad	NED (I)		3	Yes	10	4	2
Mr. Tarak Mehta	NED		4	Yes	Nil	1	Nil

(1) Category: NED – Non-executive Director, MD – Managing Director, NED (I) – Non-executive Director and Independent.

(2) Includes directorships in private limited companies and Section 8 (Not for profit) companies. None of the Directors of the Company hold independent directorships in more than 7 listed companies.

(3) Includes only Audit Committee and Stakeholders Relationship Committee of public limited companies. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees across all listed companies in which they are Directors.

(4) Appointed as Director and Chairman of the Board w.e.f. February 8, 2018.

(5) Resigned as Director and Chairman of the Board w.e.f. February 8, 2018.

\*In addition, one meeting of Independent Directors was held during the year

NOTE: All Independent Directors fulfill the requirements stipulated in Regulation 25 (1) of the Listing Regulations.

- (ii) No. of Board Meetings held in the Financial Year 2018 and dates on which held

The Board has held five meetings during the Financial Year 2018 i.e., on February 8, May 8, July 19, October 30, and December 4, 2018.

In addition, one meeting of Independent Directors was held on May 8, 2018.

- (iii) Except Mr. Darius E. Udawadia, who is holding 3,500 equity shares, no other Director holds equity shares in the Company.
- (iv) The Independent Directors, who are from diverse fields of expertise and have long standing experience and expert knowledge in their respective fields are very relevant as well as of considerable value for the Company's business. As a part of familiarization programme as required under Listing Regulations, the Directors have been appraised during the Board Meetings about the amendments to the various enactments viz., Companies Act, 2013 (the Act) and Listing Regulations. Since these being an information about the enactment / updates in the laws / regulation, no separate material has been uploaded in the website.
- As Independent Directors are continuing on the Company's Board since long, the requirement of familiarization programme as required under the Listing Regulations does not arise
- (v) The terms and conditions of appointment of the Independent Directors are disclosed in the Company's website at [www.abb.co.in](http://www.abb.co.in).
- (vi) During the year, a separate meeting of the Independent Directors was held on May 8, 2018, without the presence of Non-Executive Directors / Managing Director / Management to discuss the matter as required / agreed amongst them.
- (vii) Further the Board periodically reviews the compliance reports submitted by the management in respect of all laws applicable to the Company.

### 3. Audit Committee

- (i) Terms of Reference

The Audit Committee acts on the terms of reference given by the Board pursuant to Section 177 of the Act and Regulation 18 of the Listing Regulations.

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 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 sub-section (5) of Section 134 of the Act;
  - 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;
  - performance of Auditors, Internal Auditors, adequacy of the internal control 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 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;
- review proposal for mergers, demergers, acquisitions, carve-outs, sale, transfer of business and its valuation report and fairness opinion, if any, thereof;
- evaluation of internal financial controls and risk management systems;
- 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;
- review the functioning of the Whistle Blower mechanism.
- carry out such other function as may be delegated by the Board from time to time.
- 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 Act.

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 Regulation 18 (3) read with Part C of Schedule II of the Listing Regulations and the provisions of Section 177 of the Act.

The Chairman of the Audit Committee was present at the last (68th) Annual General Meeting held on May 9, 2018.

**(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 five meetings during the Financial Year 2018 i.e., on February 8, May 8, July 19, October 30, and December 4, 2018. The composition of the Audit Committee as on December 31, 2018 and the attendance of members at the meetings held during the Financial Year 2018 were as follows:

Members of the Committee	No. of meetings attended
Mr. Nasser Munjee (Chairman) (Independent Director)	5
Mr. Darius E. Udwardia (Independent Director)	5
Mrs. Renu Sud Karnad (Independent Director)	3
Mr. Tarak Mehta	4

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

**4. Nomination and Remuneration Committee****(i) Terms of Reference**

The terms of reference and Role of the Nomination and Remuneration Committee are as per the provisions of Section 178 of the Act and Regulation 19 of the Listing Regulations which includes 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 is framed by the Nomination and Remuneration Committee and approved by the Board. The terms and conditions of appointment are disclosed in the website of the Company at [www.abb.co.in](http://www.abb.co.in).

**(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. The Committee has held four meetings during the Financial Year 2018 i.e., on February 8, July 19, October 30, and December 4, 2018. The composition of the Nomination and Remuneration Committee as on December 31, 2018 and the attendance of members at the meeting held during the Financial Year 2018 were as follows:

Members of the Committee	No. of meetings attended
Mr. Nasser Munjee (Chairman) (Independent Director)	4
Mrs. Renu Sud Karnad (Independent Director)	3
Mr. Frank Duggan (Upto Feb 8, 2018)	1
Mr. J C Deslarzes (W.e.f. Feb 8, 2018)	3

**(iii) Remuneration Policy / Criteria for payments to Directors / Senior Management Employees**

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 Board and the Nomination and Remuneration Committee also reviewed the performance of the Board on the basis of the criteria such as the contribution of the individual director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

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 Independent Directors are entitled to sitting fees for attending the Board / Committee Meetings. Sitting fees for Board and Audit Committee Meetings is Rs.20,000/- per Director per meeting and for other Committees, viz., Corporate Social Responsibility, Stakeholders Relationship, Nomination and Remuneration and Risk Management, the sitting fees is Rs.10,000/- per Director per meeting.

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

## 5. Details of remuneration to all the Directors paid during the Financial Year 2018

(₹ in Lakh)

Name	Sitting Fees	Salary & Perquisites	Commission *	Stock Option	Pension
Mr. Sanjeev Sharma	Nil	605.70**	Nil	Nil	Nil
Mr. Nasser Munjee	2.40	Nil	39.00	Nil	Nil
Mr. Darius E. Udawadia	2.40	Nil	31.00	Nil	Nil
Mrs. Renu Sud Karnad	2.10	Nil	24.30	Nil	Nil
Mr. Frank Duggan (Upto Feb 8, 2018)	Nil	Nil	Nil	Nil	Nil
Mr. Tarak Mehta	Nil	Nil	Nil	Nil	Nil
Mr. J C Deslarzes (W.e.f. Feb 8, 2018)	Nil	Nil	Nil	Nil	Nil

\* Commission for the financial year 2017 paid during the financial year 2018.

\*\* In addition to the Salary/Perquisites mentioned above, as per Management Incentive Program (MIP) and Long Term Incentive Plan of ABB Group (which conditionally grants Options / Warrant appreciation rights / Equity shares of ABB Group Company to selected key employees), the Managing Director being one of the key employee is entitled for both the programs.

Commission to Independent Directors:

1. For Board Meetings: a fixed amount of Rs.25 lakh per Independent Director based on 100% participation by way of attendance in the meetings.
2. For Committee Meetings: a fixed amount of Rs.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 Rs.8 lakh for 100% participation by way of attendance in the meetings.

The above commission payable to 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 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. Sanjeev Sharma, Managing Director, provides that the Company and the Managing Director shall be entitled to terminate the agreement by giving six months' 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 does not have stock option scheme therefore the same is not applicable.

Except Mr. Darius E. Udawadia, 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.

## 6. Stakeholders Relationship Committee

The said Committee has been authorized 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 and the Company Secretary to approve the share transfers/transmissions and accordingly, the Managing Director or the Company Secretary approve the transfer/transmission of shares as and when required from time to time.

Four meetings of Committee were held during the Financial Year 2018 i.e., on February 8, May 8, July 19 and October 30, 2018.

The Committee is chaired by Mr. Darius E. Udawadia – Independent Director. Mr. B Gururaj – Company Secretary is the Secretary to the Committee.

The composition of Stakeholders Relationship Committee as at December 31, 2018 and attendance of members at the meetings held during the Financial Year 2018 were as follows:

Members of the Committee	No. of meetings attended
Mr. Darius E. Udawadia (Chairman) (Independent Director)	4
Mrs. Renu Sud Karnad (Independent Director)	3
Mr. Sanjeev Sharma	4

Except certain cases pending in Courts / Consumer Forums relating to disputes over the title of shares, in which the Company has been made a party, 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 2018 are as under:

No. of investors' complaints received during 2018	No. of investors' complaints resolved during 2018	Investors' complaints pending at the end of 2018
138	138	NIL

## 7. Risk Management

The Company has in place a mechanism to inform Board Members about the risk assessment and minimization procedures and review to ensure that executive management controls risks by means of a properly defined framework. The Company has formulated a Policy on Risk Management and constituted a Risk Management Committee.

The Committee is chaired by Mr. Nasser Munjee – Independent Director. Mr. B. Gururaj, Company Secretary is the Secretary to the Risk Management Committee.

The composition of the Risk Management Committee as on December 31, 2018 were as follows:

Members of the Committee
Mr. Nasser Munjee (Chairman) (Independent Director)
Mr. Frank Duggan (Upto 08.02.2018)
Mr. J C Deslarzes (W.e.f. 08.02.2018)
Mr. Sanjeev Sharma
Mr. T. K. Sridhar

## 8. Corporate Social Responsibility Committee

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

Three meetings of Committee were held during the Financial Year 2018 i.e., on February 8, May 8, and October 30, 2018.

The Committee is chaired by Mrs. Renu Sud Karnad – Independent Director. The composition of Committee as at December 31, 2018 and attendance of members at the meetings held during the Financial Year 2018 were as follows:

Members of the Committee	No. of meetings attended
Mrs. Renu Sud Karnad (Chairperson) (Independent Director)	3
Mr. Sanjeev Sharma	3
Mr. Tarak Mehta	3

The Company has formulated a Policy for its CSR and also identified the following 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 the Company's website at [www.abb.co.in](http://www.abb.co.in).

## 9. Subsidiary Company

The Company has incorporated a wholly owned subsidiary i.e. ABB Power Products and Systems India Limited. As this is the only subsidiary and which is not a material subsidiary, the requirement of formulating a specific policy on dealing with material subsidiaries does not arise.

## 10. Managing Director (MD) and Chief Financial Officer (CFO) certification

As required under Regulation 17 read with Part B of Schedule II of the Listing Regulations, the MD and CFO certification on the Financial Statements, the Cash Flow Statement and the Internal Control Systems for financial reporting has been obtained from Mr. Sanjeev Sharma, Managing Director and Mr. T. K. Sridhar, Chief Financial Officer. The said certificate is part of the Annual Report.

## 11. General Body Meetings

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

For the Year	Venue	Day & Date	Time
2017	"Grand Ball Room", Second floor, Sheraton Bangalore Hotel at Brigade Gateway, 26/1, Dr. Rajkumar Road, Malleshwaram-Rajajinagar, Bengaluru – 560 055	Tuesday May 9, 2018	11.00 a.m. (IST)
2016	"Grand Ball Room", Second floor, Sheraton Bangalore Hotel at Brigade Gateway, 26/1, Dr. Rajkumar Road, Malleshwaram-Rajajinagar, Bengaluru – 560 055	Tuesday May 9, 2017	11.00 a.m. (IST)
2015	"Grand Ball Room", Second floor, Sheraton Bangalore Hotel at Brigade Gateway, 26/1, Dr. Rajkumar Road, Malleshwaram-Rajajinagar, Bengaluru – 560 055	Monday April 26, 2016	11.00 a.m. (IST)



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

No Special Resolution passed in 66th and 68th Annual General Meetings held on April 26, 2016 and May 9, 2018 respectively.

The following Special Resolutions were passed at the 67th Annual General Meeting held on May 9, 2017.

- Commission to the Non-Executive Directors of the Company.
- Alteration of the Objects Clause of the Memorandum of Association of the Company.
- Adoption of new set of Articles of Association of the Company.

## (iii) Postal Ballot

During the year 2018, the Company has not carried out any Postal ballot. However, during January/February 2019, the Company has carried out a Postal Ballot to seek approval of Members for:

- (a) the re-appointment of Mr. Sanjeev Sharma as Managing Director of the Company for a period of three years commencing from January 01, 2019 to December 31, 2021;
- (b) for continuation of Directorship beyond March 31, 2019, by Mr. Darius E Udawadia, Non-executive Director, who has attained the age of 75 years in compliance with SEBI (Listing Obligations Disclosure Requirements), Regulations 2015, as amended.

The Members of the Company have approved both the aforesaid proposals with requisite majority.

**12. 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 Indian Accounting Standard 24, 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, subsidiaries of Promoters, Directors or their relatives etc. that may have potential conflict with the interests of the Company.

All the transactions with related parties were in the ordinary course of business and on arm's length basis, except a transaction, which is disclosed in the Directors' Report. In terms of Regulation 23 of Listing Regulations the Company obtains prior approval of the Audit Committee for entering into any transaction with related parties. The Audit Committee granted omnibus approval for certain transactions to be entered into with the related parties, during the year.

Policy on dealing with Related Party Transactions can be viewed in the Company's website. Link for the same is <http://new.abb.com/docs/librariesprovider19/default-document-library/related-party-transaction-policy.pdf?sfvrsn=2>.

## (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, on any matter related to capital markets during the last three years.

During last three years, neither any penalty nor any stricture has been passed by SEBI, Stock Exchanges or any other Statutory Authority on matters relating to capital markets.

## (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 under the Listing Regulations.

During the year, the Company has fully complied with the mandatory requirements as stipulated in Listing Regulations.

The Company has adopted C, D & E of the Non-Mandatory requirements as provided in Part E of Schedule II to the Listing Regulations and not adopted A & B since they are discretionary requirements.

### 13. Means of Communication

#### Quarterly Financial Results / Official News Releases

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

The financial results and the official news releases are also placed on the Company's website at [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 at [www.abb.co.in](http://www.abb.co.in).

### 14. General Shareholder Information

- (i) Annual General Meeting Day, Date, Time and Venue:

The Company will be holding its 69th Annual General Meeting on Wednesday, May 8, 2019 at 11.00 A.M. (IST) at "Aura", Taj Yeshwantpur, Bengaluru, 2275, Tumkur Road, Yeshwantpur, Bengaluru, 560 022.

#### Agenda:

Item No. 1 – Adoption of Financial Statements and Reports of the Board of Directors and the Auditors thereon - To receive, consider and adopt the financial statements, namely, (i) the Audited Balance Sheet as at December 31, 2018, (ii) the Audited Profit & Loss Account for the year ended on that date, (iii) the Cash Flow Statement for the financial year ended on that date, (iv) statement of changes in Equity, if any, (v) an Explanatory Note annexed to, or forming part of, the documents referred to in (i) to (iv) above and the Reports of Board of Directors and the Auditors thereon.

Item No. 2 – Declaration of Dividend

Item No. 3 – Appointment of a Director

Item No. 4 – Approve the Material Related Party Transaction

Item No. 5 – Approval of remuneration to the Cost Auditor of the Company for Financial Year 2019

- (ii) Profile of Director seeking re-appointment

The profile of Director retiring by rotation and seeking re-appointment at the 69<sup>th</sup> Annual General Meeting is given in the annexure to the Notice convening the said Annual General Meeting. Said Director is not related to any other Director on the Board of the Company and Promoters of the Company.

- (iii) Financial Year

Company's financial year is January – December. The Indicative calendar of events for the year 2019 (January - December) excluding Extra Ordinary General Meeting(s), if any, are as under:

Fourth Quarter Financial Results (Year 2018)	March 2019
First Quarter Financial Results	May 2019
Annual General Meeting	May 2019
Second Quarter Financial Results	July 2019
Third Quarter Financial Results	October 2019

In terms of the circular issued by Ministry of Corporate Affairs, as a Green Initiative and subsequent amendment to the Listing Regulations, soft copy of the Notice and the Annual Report for the financial year 2018 have been circulated to the respective e-mail IDs registered and available in Company's 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 2, 2019 to May 8, 2019 (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 10, 2019, to those Members whose names appear on the Company's Register of Members as on May 1, 2019.

## (vi) Listing on Stock Exchanges

The equity shares of the Company are currently listed with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company has paid till date, appropriate listing fee to both the stock exchanges. Non-Convertible Debentures of the Company, which were redeemed during the year 2018, were listed with BSE Limited (BSE).

Pursuant to the Regulation 39 (4) read with Schedule VI of the Listing Regulations, the Company's Registrar & Share 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 equity 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 equity shares

## (vii) Stock Code

Equity Shares:

NSE    ABB  
BSE    500002  
ISIN    INE117A01022

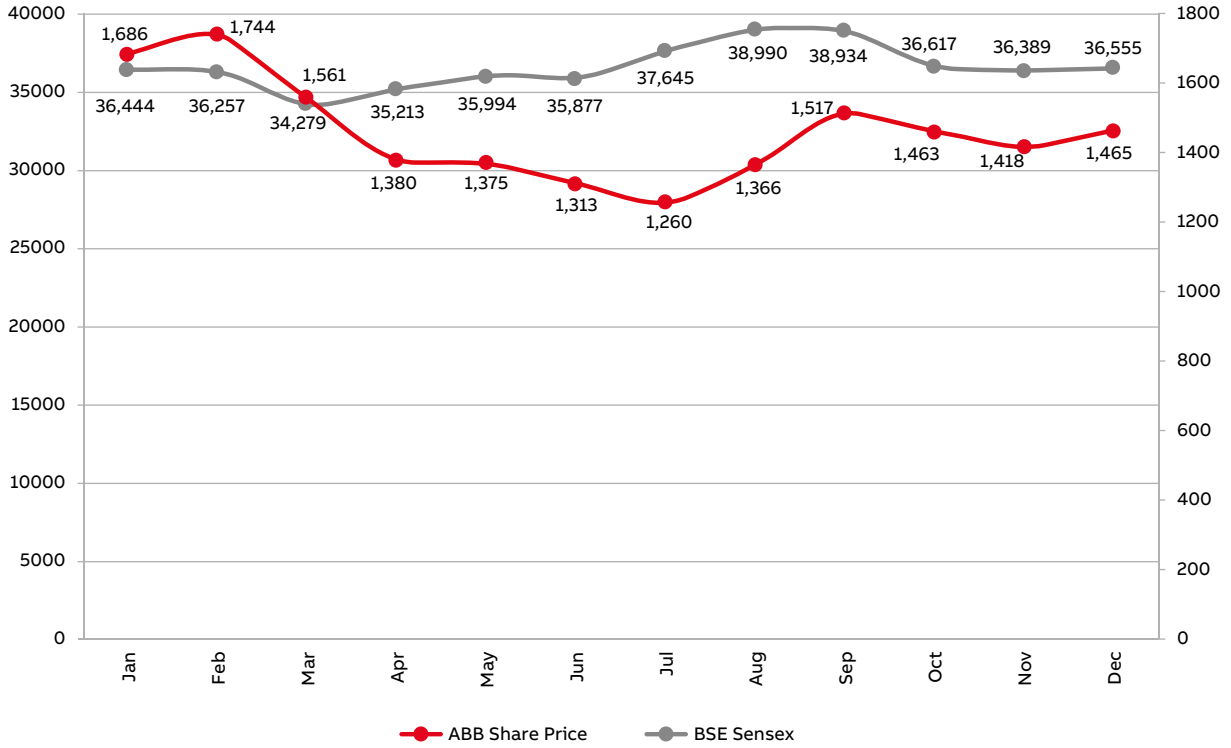
## (viii) Market Price Data

The market price data and volume of the Company's shares traded in the BSE Limited and the National Stock Exchange of India Limited, during the year 2018 were as follows:

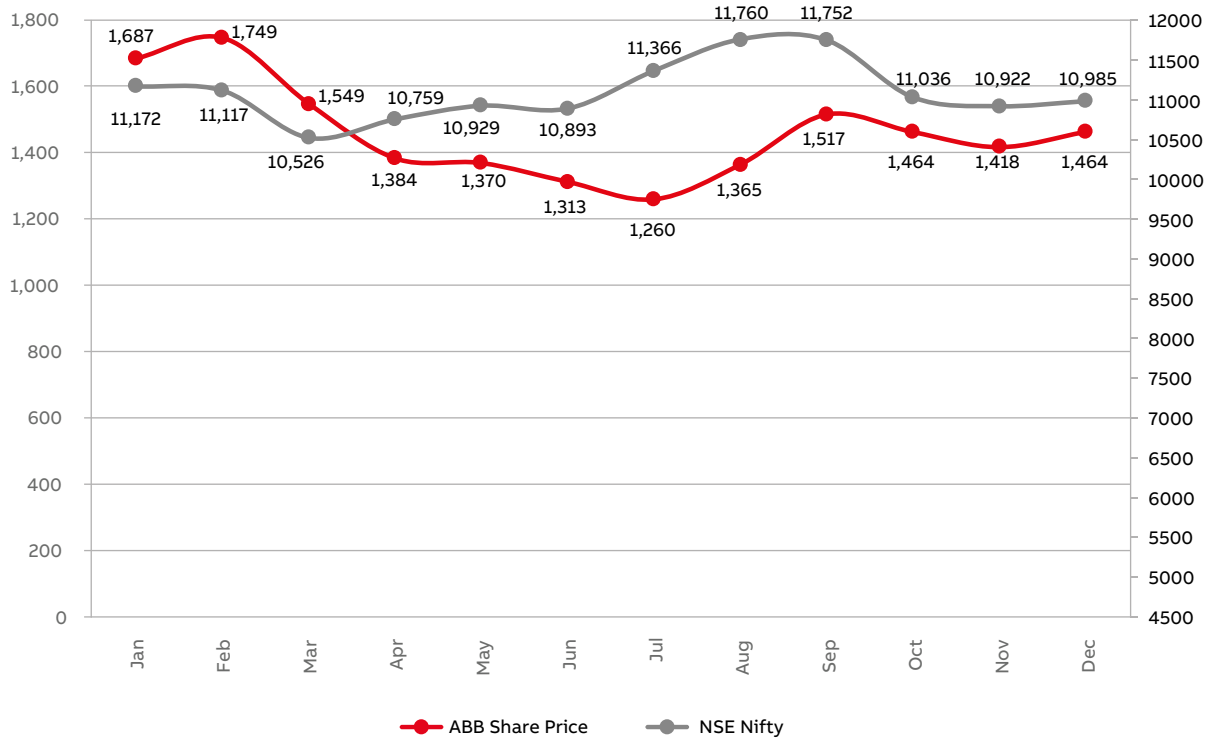
Year 2018	ABB - BSE (₹)		BSE Sensex		ABB - NSE (₹)		NSE Nifty	
	High	Low	High	Low	High	Low	High	Low
January	1,686	1,391	36,444	33,703	1,687	1,390	11,172	10,405
February	1,744	1,469	36,257	33,483	1,749	1,471	11,117	10,276
March	1,561	1,267	34,279	32,484	1,549	1,267	10,526	9,952
April	1,380	1,245	35,213	32,973	1,384	1,248	10,759	10,111
May	1,375	1,157	35,994	34,303	1,370	1,157	10,929	10,418
June	1,313	1,123	35,877	34,785	1,313	1,149	10,893	10,551
July	1,260	1,130	37,645	35,107	1,260	1,129	11,366	10,605
August	1,366	1,164	38,990	37,129	1,365	1,183	11,760	11,235
September	1,517	1,229	38,934	35,986	1,517	1,251	11,752	10,850
October	1,463	1,191	36,617	33,292	1,464	1,190	11,036	10,005
November	1,418	1,279	36,389	34,303	1,418	1,283	10,922	10,342
December	1,465	1,284	36,555	34,426	1,464	1,280	10,985	10,928

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

**ABB Share Price movement v/s BSE Sensex**  
January – December 2018



**ABB Share Price movement v/s NSE Nifty**  
January – December 2018



## (x) Registrar and Share Transfer Agents

During the year 2018 the name of the Company's Registrar and Share Transfer Agent, has been changed to "Karvy Fintech Private Limited" consequent to amalgamation of "Karvy Computershare Private Limited" with "Karvy Fintech Private Limited".

Karvy Fintech Private Limited (Unit: ABB India Limited)

No.51/2, T K N Complex, Vanivilas Road, Opp. National College, Basavanagudi, Bengaluru – 560 004

Phone No. 080-67453237, Fax No. 080-26600786

E-mail: einward.ris@karvy.com

Karvy Fintech Private Limited (Unit: ABB India Limited)

Karvy Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Gachibowli, Serilingampally Mandal, Hyderabad – 500 032, Telangana

Phone No. 1800 3454 001 / 040 6716 2222, Fax No. 040 – 2342 0814

E-mail: einward.ris@karvy.com

Website: www.karvyfintech.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 Committee.

## (xii) Shareholding Pattern

Shareholders	As on 31.12.2018		As on 31.12.2017	
	No. of shares	%	No. of shares	%
ABB Asea Brown Boveri Limited Zurich*	158,931,281	75.00	146,390,951	69.08
ABB Norden Holding AB Sweden*	0	0.00	12,540,330	5.92
Non-Resident Individuals/OCBs	469,113	0.22	397,748	0.19
Directors and their relatives	3,500	0.00	3,500	0.00
LIC/UTI/Other Insurance Cos.	13,883,594	6.55	16,475,525	7.77
Nationalised Banks/Other Banks	130,425	0.06	137,167	0.06
Mutual Funds	14,603,520	6.89	12,443,032	5.87
Foreign Nationals	705	0.00	705	0.00
Foreign Institutional Investors	21,530	0.01	40,779	0.02
Bodies Corporate	1,614,117	0.76	1,259,424	0.59
Foreign Portfolio Investors	6,693,657	3.16	6,512,748	3.07
General Public	14,466,006	6.83	14,546,616	6.86
NBFC	451,633	0.21	611,537	0.29
I E P F	537,523	0.25	537,523	0.25
Alternative Investment Fund	84,681	0.04	0	0.00
Trust	17,090	0.01	10,790	0.01
<b>Total</b>	<b>211,908,375</b>	<b>100.00</b>	<b>211,908,375</b>	<b>100.00</b>

\* On November 2, 2018 "ABB Asea Brown Boveri Limited", Zurich, Switzerland has acquired 12,540,330 Equity shares of the Company from ABB Norden Holding AB, Sweden, under inter-se transfer of shares amongst Promoters/promoter group. The Company and Promoter/promoter group had made necessary disclosures to Stock Exchanges and SEBI, in that regard.

## (xiii) Distribution of Shareholding as on December 31, 2018

Category	No. of Shareholders	No. of Shares held	% of equity capital
1 – 5000	67,746	12,220,962	5.77
5001 – 10000	232	1,568,608	0.74
10001 – 50000	128	2,501,117	1.18
50001 – 100000	20	1,506,738	0.71
100001 and above	41	194,110,950	91.60
<b>Total</b>	<b>68,167</b>	<b>211,908,375</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, 2018, out of 211,908,375 equity shares of the Company, 210,118,794 equity shares have been dematerialised representing 99.16%.

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 Listing Regulations, 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, 2018.

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has, inter-alia, adopted a Code of Conduct for Prohibition of Insider Trading Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (Code) duly approved by the Board of Directors of the Company.

As per the above Code, Mr. B Gururaj is the Compliance Officer and Mr. T. K. Sridhar is the Chief Investor Relations Officer.

(xvii) Company affirms that all the requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are complied with.

(xviii) Plant Locations

The Company's plants are located at Peenya and Nelamangala in Bengaluru, Halol, Savali and Maneja in Vadodara, Faridabad, Mumbai, Mysuru, Chennai, Visakhapatnam and Nashik.

(xix) Commodity Price Risk / Foreign Exchange Risk and Hedging activities

The Company is exposed to foreign exchange risk on account of import and export transactions entered and it is exposed to commodity price risk on account of procurement of base metals (Copper and Aluminum) and precious metals (Silver) to be used in manufacturing activities. Details of commodities exposure are provided below:

- a) Total Exposure of the Company to commodities in INR: 2,28,92,19,248.

## b) Exposure of the Company to various commodities:

Commodity Name	Exposure in INR towards the particular commodity	Exposure in Quantity terms towards the particular commodity	% of such exposure hedged through commodity derivatives				Total
			Domestic market		International market		
			OTC	Exchange	OTC	Exchange	
Copper	2,078,190,860	4657 MT	-	-	90%	-	90%
Aluminium	40,642,957	282 MT	-	-	90%	-	90%
Silver	170,385,431	4.5 MT	-	-	90%	-	90%

## c) Commodity risks faced by the Company during the year and how they have been managed

The Company is a sizable user of various commodities, including base metals & others, which exposes it to the price risk on account of procurement of commodities. The Company is proactively mitigating these risks by entering into commensurate hedging transactions with banks as per applicable guidelines and Group risk management instructions.

## (xx) 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 No: 080 22949150 - 22949153 | Fax No: 080 22949148  
Corporate Secretarial E-mail ID: investor.helpdesk@in.abb.com  
Corporate Website: www.abb.co.in

## (xxi) Corporate Identity Number

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

## (xxii) Compliance Officer

Mr. B. Gururaj, Company Secretary (FCS-2631) is the Compliance Officer of the Company and Secretary to all the Committees of the Board.

## (xxiii) Debenture Trustees

IDBI Trusteeship Services Limited  
Asian Building, Ground Floor,  
No. 17, R Kamani Marg, Ballard Estate,  
Fort, Mumbai - 400 001

Contact Person: Mr. Ajit S Guruji  
E-mail: ajit.guruji@idbitrustee.com  
Phone No: 022 40807001 | Fax No: 022 66311776 / 40807080

The Company has redeemed the entire 600 unsecured rated listed redeemable non-convertible debentures of face value of Rs.1,00,00,000/- each on September 4, 2018.

**15. Discretionary 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 Limited.
- The Auditors' opinion on the financial statements is unmodified.
- Internal Auditor reports directly to the Audit Committee.

For ABB India Limited

J C Deslarzes  
Chairman  
DIN: 08064621

Place: Bengaluru  
Date: March 1, 2019

Declaration by the Managing Director under Listing Regulations regarding compliance with Business Conduct Guidelines (Code of Conduct).

In accordance with the Listing Regulations, 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, 2018.

For ABB India Limited

Place: Bengaluru  
Date: March 1, 2019

Sanjeev Sharma  
Managing Director  
DIN: 07362344



# Annexure – I 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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended December 31, 2018. 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 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 Regulations. As regards Discretionary Requirements specified in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the company has complied with items C, D and E.

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

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

Bangalore,  
Date: March 01, 2019

# Annexure – J to Directors' Report

## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st DECEMBER 2018

Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014]

To,  
The Members,  
ABB India Limited  
CIN: L32202KA1949PLC032923  
21st Floor, World Trade Center, Brigade Gateway,  
No. 26/1, Dr. Rajkumar Road, Malleshwaram West,  
Bengaluru- 560055

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ABB India Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st December 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on 31st December 2018 according to the provisions of:

- i. The Companies Act, 2013 ('the Act') and the Rules made thereunder and the relevant provisions of The Companies Act, 1956 ;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / Securities And Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October, 2014)- Not applicable as the Company has does not have ESOP Scheme/shares;
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable as the Company has not delisted /proposed to delist its equity shares from any stock exchange during the financial year under review;
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not applicable as the Company has not bought back / proposed to buyback any of its securities during the financial year under review.

- vi. The Company has identified the following laws as specifically applicable to the Company:
1. Factories Act, 1948 & the Central Rules or concerned State Rules, made thereunder
  2. Boilers Act, 1923 & Rules made thereunder
  3. Electricity Act, 2003
  4. Indian Explosives Act, 1884
  5. Gas Cylinder Rules, 1981 (under Indian Explosives Act)
  6. Static and Mobile Pressure Vessels (Unfired) Rules, 1981 (under Indian Explosives Act)
  7. Environment (Protection) Act, 1986
  8. The Water (Prevention and Control of Pollution) Act, 1974 & Central Rules/ concerned State Rules.
  9. The Air (Prevention and Control of Pollution) Act, 1981 & Central Rules/ concerned State Rules
  10. Hazardous Wastes (Management and Handling) Rules, 1989
  11. Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989
  12. The Contract Labour (Regulation and Abolition) Act, 1970 & its Central Rules/ concerned State Rules.
  13. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 & EPF, FPF Schemes.
  14. The Employees' State Insurance Act, 1948 & its Central Rules / concerned State Rules.
  15. The Minimum Wages Act, 1948 & its Central Rules/ concerned State Rules/ Notification of Minimum Wages applicable to various class of industries/ Trade.
  16. The Payment of Wages Act, 1936 & its Central Rules/ concerned State Rules if any.
  17. The Payment of Bonus Act, 1965 & its Central Rules/ concerned State Rules if any.
  18. The Payment of Gratuity Act & its Central Rules/ concerned State Rules if any.
  19. The Maternity Benefit Act, 1961 & its Rules.
  20. The Equal Remuneration Act, 1976.
  21. The Industrial Employment (Standing Orders) Act, 1946 & its Rules.
  22. The Apprentices Act, 1961 & its Rules.
  23. The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959.
  24. The Workmen's Compensation Act, 1923
  25. The Industrial Dispute Act, 1947
  26. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
  27. The Information Technology Act, 2000

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI)
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that :-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines; and

As informed, the Company has responded to notices for demands, claims, penalties etc. levied by various statutory / regulatory authorities and initiated actions for corrective measures, wherever necessary.

For BMP & Co. LLP  
Company Secretaries

Place: Bengaluru  
Date: March 1, 2019

Pramod S M  
Partner  
(FCS : 7834 CP: 13784)

This report to be read with our letter of even date which is annexed as Annexure and forms an integral part of this report.

#### **'Annexure A'**

To,  
The Members,  
ABB India Limited  
CIN: L32202KA1949PLC032923  
21st Floor, World Trade Center, Brigade Gateway,  
No. 26/1, Dr. Rajkumar Road, Malleshwaram West,  
Bengaluru- 560055

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express as opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report 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.
7. We further report that, based on the information provided by the Company its officers, authorised representatives during the conduct of the audit and also on the review of quarterly compliance report by the respective departmental heads/Company Secretary/Managing Director taken on record by the Board of the Company, in our opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like labour laws & Environment laws and Data protection policy.
8. We further report that the Compliance by the Company of applicable Financial laws like Direct & Indirect tax laws has not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

For BMP & Co. LLP  
Company Secretaries

Place: Bengaluru  
Date: March 1, 2019

Pramod S M  
Partner  
(FCS : 7834 CP: 13784)

# MD / CFO Certificate

To  
**The Board of Directors**  
**ABB India Limited**

We certify that;

- A. We have reviewed financial statements and the cash flow statement of ABB India Limited for the year ended December 31, 2018 and that to the best of our knowledge and belief:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, no transaction entered into by the Company during the year are fraudulent, illegal or violate the code of conduct of the Company.
- C. We accept responsibility for establishing and maintaining internal controls over financial reporting and that we have evaluated the effectiveness of internal control systems of the Company over financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls over financial reporting, if any, of which we are aware and the steps we have taken, propose to take, to rectify these deficiencies. In our opinion, there are adequate internal controls over financial reporting;
- D. We have indicated to the Auditors and the Audit Committee that there are:
1. no significant changes in internal control over financial reporting during the year;
  2. no significant changes in the accounting policies; and
  3. no instances of fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control systems over financial reporting.
- E. We affirm that we have not denied any personnel access to the Audit Committee of the Company and we have provided protection to whistle blowers from unfair termination and other unfair or prejudicial employment practices.

We further declare that all Board members and senior management personnel have affirmed compliance with the Code of Conduct and Ethics for the year covered by this report.

Sanjeev Sharma  
Managing Director  
DIN: 07362344

T. K. Sridhar  
Chief Financial Officer

Place: Bengaluru  
Date: March 1, 2019

# Inclusive social development



Mobile healthcare units implemented across chosen states in India to help promote preventive healthcare for communities.



Science on wheels promoting interactive science education to government school children across several states.



—  
Operative and post-operative care for children diagnosed with cleft lip and cleft palate.



—  
Special school for differently-abled children with disability aids, educational materials, transportation and resources for its operation in Karnataka.



—  
Special program organized for adolescent girls and women in villages of Gujarat with a focus on imparting skill development and vocational training to make them ready for employment.



—  
Teachers using improved educational methods and contemporary learning skills to teach school children from around 98 government schools in Nelamangala.







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# 02

## Financial Statements

<b>092 – 097</b>	<b>Independent Auditor’s Report</b>
<b>98</b>	<b>Balance Sheet</b>
<b>99</b>	<b>Statement of Profit and Loss</b>
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<b>101</b>	<b>Statement of changes in equity</b>
<b>102 – 146</b>	<b>Notes to the Financial Statements</b>





Writing the future  
**of flexible manufacturing  
and smart machines**

# To the Members of ABB India Limited

## Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of ABB India Limited (“the Company”), which comprise the Balance Sheet as at 31 December 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

### Management’s Responsibility for the Ind AS Financial Statements

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor’s Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company’s preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company’s Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor’s report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 December 2018, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 December 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2018 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements; - Refer Note 39 to the Ind AS financial statements.
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; - Refer Note 36 to the Ind AS financial statements.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No. 101248W/W – 100022

Amit Somani  
Partner  
Membership number. 060154  
Bengaluru  
March 1, 2019

# Annexure – A to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 December 2018, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified every year. In accordance with this programme, fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company, except for freehold land aggregating to 5 acres and 31 guntas, acquired by the Company, on a slump sale basis in 2011. As explained to us, registration of the title deeds for this land is in process.
- (ii) The inventory, except goods-in-transit, has been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on such verification between the physical stock and book records were not material.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraph 3(iii) of the Order is not applicable.
- (iv) According to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 or 186 of the Act are applicable. Accordingly, paragraph 3(iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for maintenance of cost records under Section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, value added tax, service tax and excise duty.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and services tax, cess and other material statutory dues were in arrears as at 31 December 2018 for a period of more than six months from the date they became payable.

- (b) According to information and explanations given to us, the following dues of income tax, sales tax, duty of excise, custom duty, service tax and value added tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of dues	Amount (₹ in Crores)*	Period to which it relates	Forum where dispute is pending
Faridabad Development Act (Octroi)	Product Classification	3.04	1986-1994	High Court
Sales Tax Act	Tax, interest and penalty	343.95	1994-2018	Additional Commissioner (Appeals) / Assistant Commissioner of Commercial Taxes / Commissioner of Commercial Taxes / Deputy Commissioner of Commercial Taxes (Appeals) / Deputy Commissioner (Appeals) / Joint Commissioner of Commercial Taxes (Appeals) / Taxation Board/ High Court/ Sales Tax Appellate Tribunal
Customs Act, 1962	Tax, interest and penalty	14.28	2008-2018	Commissioner of Customs/ Custom Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Tax, interest and penalty	70.11	1996-2015	Commissioner (Appeals)/Commissioner (LTU) / Ministry of Finance (Department of Revenue)/ Custom Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Tax, interest and penalty	31.32	2006-2015	Commissioner (Appeals)/ Custom Excise & Service Tax Appellate Tribunal/ Supreme Court
Income Tax Act, 1961	Tax, interest and penalty	64.53	2012-2015	Commissioner of Income Tax (Appeals)

\* Net of amounts paid under protest.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks or dues to debenture holders. The Company does not have any outstanding dues to financial institutions or loans from government.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.
- for B S R & Co. LLP  
Chartered Accountants  
Firm's registration number: 101248W/W-100022
- Amit Somani  
Partner  
Membership number: 060154
- Bengaluru  
March 1, 2019

# Annexure – B to the Independent Auditors' Report

## **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of ABB India Limited (“the Company”) as of 31 December 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was

established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Ind AS financial statement, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.



**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls

over financial reporting were operating effectively as at 31 December 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for B S R & Co. LLP  
Chartered Accountants  
Firm's registration number: 101248W/W-100022

Amit Somani  
Partner  
Membership number: 060154

Bengaluru

March 1, 2019

# Balance Sheet

		(₹ in Crores)		
Balance Sheet as at December 31, 2018		Notes	2018	2017
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	871.30	1,142.60	
Capital work-in-progress	3	83.06	116.48	
Goodwill	4	14.62	46.42	
Other intangible assets	4	7.22	29.64	
<b>Financial assets</b>				
Investments	5	0.09	0.17	
Loans	6	10.42	21.56	
Other financial assets	7	1.51	0.34	
Deferred tax assets (net)	8	114.96	117.30	
Non-current tax assets (net)	9	288.88	291.79	
Other non-current assets	10	159.72	188.99	
		1,551.78	1,955.29	
<b>Current assets</b>				
Inventories	14	927.85	1,153.55	
<b>Financial assets</b>				
Investments	5	0.08	270.45	
Trade receivables	11	1,686.89	2,764.10	
Cash and cash equivalents	12	1,472.40	1,489.19	
Bank balance other than cash and cash equivalents	13	2.67	2.47	
Loans	6	15.84	24.62	
Other financial assets	7	281.91	760.38	
Other current assets	15	335.26	468.00	
		4,722.90	6,932.76	
Assets classified as held for sale and discontinued operations	32	2,802.22	-	
<b>Total Assets</b>		<b>9,076.90</b>	<b>8,888.05</b>	
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital	16	42.38	42.38	
Other equity	17	3,964.94	3,564.51	
		4,007.32	3,606.89	
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
<b>Financial liabilities</b>				
Borrowings	18	2.03	4.14	
Other financial liabilities	19	3.49	3.86	
Provisions	20	32.29	42.68	
		37.81	50.68	
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
Trade payables	21			
Total outstanding dues to micro enterprises and small enterprises		123.80	142.48	
Total outstanding dues to creditors other than micro enterprises and small enterprises		1,750.71	2,570.63	
Other financial liabilities	19	403.38	1,179.31	
Other current liabilities	22	397.76	1,023.54	
Provisions	20	233.38	314.52	
		2,909.03	5,230.48	
Liabilities directly associated with discontinued operations	32	2,122.74	-	
<b>Total Equity and liabilities</b>		<b>9,076.90</b>	<b>8,888.05</b>	

Summary of significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per our report of even date attached  
For B S R & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No.: 101248W/W-100022

Amit Somani  
Partner  
Membership no.: 060154  
Bengaluru, March 1, 2019

For and on behalf of the Board  
J C Deslarzes (DIN-08064621)  
Sanjeev Sharma (DIN-07362344)  
Nasser Munjee (DIN-00010180)  
T. K. Sridhar  
B. Gururaj (FCS-2631)

Bengaluru, March 1, 2019

Chairman  
Managing Director  
Director  
Chief Financial Officer  
Company Secretary

# Statement of Profit and Loss

		(₹ in Crores)	
For the year ended December 31, 2018	Notes	2018	2017
<b>Income</b>			
Revenue from operations	23	6,690.12	6,287.49
Other income	24	84.01	77.73
<b>Total income</b>		<b>6,774.13</b>	<b>6,365.22</b>
<b>Expenses</b>			
Cost of raw materials, components consumed and project bought outs	25	3,755.62	3,481.15
Purchases of traded goods	26	582.11	352.07
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	27	(50.38)	(42.51)
Excise duty	44	-	193.76
Subcontracting charges		226.30	312.26
Employee benefit expenses	28	529.50	518.68
Depreciation and amortisation expense	29	92.76	101.23
Finance costs	30	53.90	57.24
Other expenses	31	1,189.18	1,057.51
<b>Total expenses</b>		<b>6,378.99</b>	<b>6,031.39</b>
<b>Profit from continuing operations before tax</b>		<b>395.14</b>	<b>333.83</b>
Tax expense:			
Current tax	8	139.65	96.44
Deferred tax	8	1.30	11.91
		<b>140.95</b>	<b>108.35</b>
<b>Profit from continuing operations after tax</b>		<b>254.19</b>	<b>225.48</b>
<b>Discontinued operations</b>			
	32		
Profit from discontinued operations		399.10	287.93
Tax expense of discontinued operations		142.40	93.46
<b>Profit from discontinued operations after tax</b>		<b>256.70</b>	<b>194.47</b>
<b>Profit for the year</b>		<b>510.89</b>	<b>419.95</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement income/(loss) on defined benefit plan		2.99	3.39
Income tax effect	8	(1.04)	(1.17)
<b>Other comprehensive income for the year, net of income tax</b>		<b>1.95</b>	<b>2.22</b>
<b>Total comprehensive income for the year, net of income tax</b>		<b>512.84</b>	<b>422.17</b>
<b>Earnings per equity share - continuing operations</b>			
	33		
Basic		12.00	10.64
Diluted		12.00	10.64
<b>Earnings per equity share - discontinued operations</b>			
	33		
Basic		12.11	9.18
Diluted		12.11	9.18
<b>Earnings per equity share - continuing and discontinued operations</b>			
	33		
Basic		24.11	19.82
Diluted		24.11	19.82

Summary of significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per our report of even date attached  
For B S R & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No.: 101248W/W-100022

Amit Somani  
Partner  
Membership no.: 060154  
Bengaluru, March 1, 2019

For and on behalf of the Board  
J C Deslarzes (DIN-08064621)  
Sanjeev Sharma (DIN-07362344)  
Nasser Munjee (DIN-00010180)  
T. K. Sridhar  
B. Gururaj (FCS-2631)

Chairman  
Managing Director  
Director  
Chief Financial Officer  
Company Secretary

Bengaluru, March 1, 2019

# Cash Flow Statement

	(₹ in Crores)	
For the year ended December 31, 2018	2018	2017
<b>A. Cash flow from operating activities</b>		
Profit before tax from continuing operations	395.14	333.83
Profit before tax from discontinued operations	399.10	287.93
Adjustments to reconcile profit before tax to net cash provided by operating activities		
Depreciation and amortisation expense	145.78	157.97
Unrealised exchange loss / (gains) (net)	(19.10)	(3.36)
Mark to market change in forward and commodity contracts	0.54	(23.35)
Profit on sale of mutual funds	(12.22)	(3.76)
Mark to market fair value change in investment	-	(4.41)
Profit on sale of business	(14.01)	-
(Profit) / loss on sale of fixed assets (net)	3.84	6.66
Bad debts / advances written off	86.50	119.17
Provision for doubtful debts and advances	12.56	(3.91)
Interest income	(60.49)	(112.80)
Interest expense	76.69	77.31
Operating profit before working capital changes	1,014.33	831.28
<b>Movement in working capital</b>		
Increase / (decrease) in trade payables	483.52	556.98
Increase / (decrease) in other financial liabilities	13.55	49.53
Increase / (decrease) in other liabilities and provisions	134.70	219.55
(Increase) / decrease in trade receivables	(646.46)	92.24
(Increase) / decrease in inventories	(197.79)	(213.30)
(Increase) / decrease in other financial assets	55.57	(302.74)
(Increase) / decrease in loans and other assets	(7.18)	(161.97)
Cash generated from operations	850.24	1,071.57
Direct taxes paid (net of refunds)	(224.78)	(279.91)
<b>Net cash flow from operating activities</b>	625.46	791.66
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(243.68)	(185.84)
Proceeds from sale of property, plant and equipment	7.65	1.19
Proceeds from sale of business	33.88	-
Proceeds from maturity of investments	16.04	0.09
Interest received	63.19	110.27
Proceeds from redemption of investment in mutual funds	266.63	253.76
Investment in Mutual Fund	-	(500.00)
<b>Net cash flow from/(used in) investing activities</b>	143.71	(320.53)
<b>C. Cash flow from financing activities</b>		
Repayment of debentures	(600.00)	-
Repayment of short-term borrowings	-	(0.04)
Net proceeds from finance lease obligation	(1.43)	8.35
Interest paid	(79.85)	(77.28)
Dividend paid (including tax on dividend)	(112.41)	(102.02)
<b>Net cash flow from / (used in) financing activities</b>	(793.69)	(170.99)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(24.52)	300.14
Effects of exchange (loss) / gain on cash and cash equivalents	1.27	2.13
Cash and cash equivalents pertaining to discontinued operations (refer note 32)	6.46	-
<b>Cash and cash equivalents (opening balance)</b>	1,489.19	1,186.92
<b>Cash and cash equivalents (closing balance)</b>	1,472.40	1,489.19
<b>Components of cash and cash equivalents</b>		
Cash and bank balances	1,475.07	1,491.66
Less: Unpaid dividend account	2.67	2.47
(Also refer note no. 13)	1,472.40	1,489.19

Note:

- 1) Cash and cash equivalents at the end of the year represent cash and cheques on hand / remittance in transit and cash and deposits with banks.
- 2) Cash flow statement is made using the indirect method.

As per our report of even date attached  
For B S R & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No.: 101248W/W-100022

Amit Somani  
Partner  
Membership no.: 060154  
Bengaluru, March 1, 2019

For and on behalf of the Board  
J C Deslarzes (DIN-08064621)  
Sanjeev Sharma (DIN-07362344)  
Nasser Munjee (DIN-00010180)  
T. K. Sridhar  
B. Gururaj (FCS-2631)

Chairman  
Managing Director  
Director  
Chief Financial Officer  
Company Secretary

Bengaluru, March 1, 2019

# Statement of changes in equity for the year ended December 31, 2018

## a. Equity share capital:

Equity shares of ₹ 2 each issued, subscribed and fully paid

	Numbers	(₹ in Crores)
As at January 1, 2017	21,19,08,375	42.38
Changes in equity share capital	-	-
As at December 31, 2017	21,19,08,375	42.38
Changes in equity share capital	-	-
<b>As at December 31, 2018</b>	<b>21,19,08,375</b>	<b>42.38</b>

## b. Other equity

Particulars	(₹ in Crores)							Total equity
	Securities premium	Employee stock options reserve	Retained earnings	General reserve	Capital redemption reserve	Capital reserve	Debenture redemption reserve	
As at January 1, 2017	60.00	0.03	127.53	2,948.16	7.50	1.10	100.00	3,244.32
Profit for the year	-	-	419.95	-	-	-	-	419.95
Other comprehensive income (net of tax)	-	-	2.22	-	-	-	-	2.22
Transfers within equity	-	-	(50.00)	-	-	-	50.00	-
Dividend paid	-	-	(84.76)	-	-	-	-	(84.76)
Dividend distribution tax	-	-	(17.26)	-	-	-	-	(17.26)
Employee stock option expense	-	0.04	-	-	-	-	-	0.04
Balance at December 31, 2017	60.00	0.07	397.68	2,948.16	7.50	1.10	150.00	3,564.51
Profit for the year	-	-	<b>510.89</b>	-	-	-	-	<b>510.89</b>
Other comprehensive income/ (loss) (net of tax)	-	-	<b>1.95</b>	-	-	-	-	<b>1.95</b>
Transfers within equity	-	-	-	<b>150.00</b>	-	-	<b>(150.00)</b>	-
Dividend paid	-	-	<b>(93.24)</b>	-	-	-	-	<b>(93.24)</b>
Dividend distribution tax	-	-	<b>(19.17)</b>	-	-	-	-	<b>(19.17)</b>
<b>As at December 31, 2018</b>	<b>60.00</b>	<b>0.07</b>	<b>798.11</b>	<b>3,098.16</b>	<b>7.50</b>	<b>1.10</b>	<b>-</b>	<b>3,964.94</b>

Summary of significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per our report of even date attached  
For B S R & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No.: 101248W/W-100022

Amit Somani  
Partner  
Membership no.: 060154  
Bengaluru, March 1, 2019

For and on behalf of the Board  
J C Deslarzes (DIN-08064621)  
Sanjeev Sharma (DIN-07362344)  
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T. K. Sridhar  
B. Gururaj (FCS-2631)

Chairman  
Managing Director  
Director  
Chief Financial Officer  
Company Secretary

Bengaluru, March 1, 2019

# Notes to the Financial Statements

## 1. Corporate information

ABB India Limited ('the Company') has served utility and industry customers for over six decades with the complete range of engineering, products, solutions and services in areas of Automation and Power technology. The Company has extensive installed base for manufacturing and a countrywide marketing and service presence. Besides catering to Indian domestic market, the Company is also playing an increasing role in the global market.

The Company is a public limited company domiciled in India and incorporated under the provisions of the Indian Companies Act. The registered office is located at Bengaluru. Its shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

The financial statements are approved for issue by the Company's Board of Directors on March 1, 2019.

## 2. Significant accounting policies

### 2.1 Basis of preparation of financial statements

#### A Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

#### B Functional and presentation currency

The financial statements are presented in INR in crores, rounded off to two decimal places, except when otherwise indicated.

#### C Basis of measurement

The financial statements have been prepared on the historical cost convention basis, except for certain financial instruments (refer accounting policy regarding financial instruments), which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services as at the date of respective transactions.

### 2.2 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 2.3. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

## 2.3 Critical accounting estimates and judgements

### 2.3.1 Estimates

#### a. Project revenue and costs

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

#### b. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

#### c. Employee benefits

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rate and past trends. Further details about gratuity obligations are given in Note 34.

#### d. Provision for litigations and contingencies

The provision for litigations and contingencies are determined based on evaluation made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgements around estimating the ultimate outcome of such past events and measurement of the obligation amount. Due to the judgements involved in such estimations the provisions are sensitive to the actual outcome in future periods.

### 2.3.2 Judgements

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes

- Note 40 - leases: whether an arrangement contains a lease; and
- Note 40 - lease classification.

## 2.4 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- All other assets are classified as non-current

A liability is current when:

- It is expected to be settled in normal operating cycle
  - It is held primarily for the purpose of trading
  - It is due to be settled within twelve months after the reporting period, or
  - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
  - The Company classifies all other liabilities as non-current
  - Deferred tax assets and liabilities are classified as non-current assets and liabilities
- The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

## 2.5 Foreign Currency

Functional currency

The functional currency of the company is the Indian Rupee.

Transactions and translations

Initial recognition transactions in foreign currencies are recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. The gains or losses resulting from such translations are recognised in the statement of profit and loss.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

## 2.6 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Revenue are stated exclusive of goods and service tax and net of trade and quantity discount.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.



In case of large transformers, revenue is recognized on achievement of contractual milestone. Revenue recognized in excess of billing has been reflected under "Other financial assets" as unbilled revenue.

Revenues from long-term contracts are recognized on the percentage of completion method, in proportion that the contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs. Contract revenue earned in excess of billing has been reflected under "Other financial assets" and billing in excess of contract revenue has been reflected under "Other current liabilities" in the balance sheet. Full provision is made for any loss in the year in which it is first foreseen.

Liquidated damages / penalties are provided for as per the contract terms wherever there is a delayed delivery attributable to the Company.

Revenue from the development services is recognised as per the contract terms and when accrued. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Commission income is recognized as per contract terms and when accrued.

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest income is recognised on time proportion basis.

## 2.7 Income Taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

## 2.8 Property, plant and equipment

On transition to Ind-AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1st January, 2016 measured as per the previous GAAP and use that carrying value as a deemed cost of property, plant and equipment.

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognised in statement of profit or loss as incurred. The Company identifies and determines cost of each component/ part of Property, plant and equipment separately, if the component/ part has a cost which is significant to the total cost of the Property, plant and equipment and has

useful life that is materially different from that of the remaining asset. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances and cost of assets not ready for use at the balance sheet date are disclosed under capital work-in-progress.

The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Useful lives estimated by the management in years:

• Leasehold land, leasehold improvements and other leased assets (over the period of lease)	1-10
• Factory buildings	15-30
• Other buildings	3-60
• Furniture and fixtures	10
• Office equipments	3-5
• Plant and equipment	2-21
• Vehicles	5

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

## 2.9 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of profit and loss in the period in which the expenditure is incurred. The estimated useful life of assets are as follows:

• Technical know-how fees	3-10
• Capitalized software costs	3-5
• Goodwill on business acquisition is not amortized but tested for impairment.	

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

## 2.10 Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are charged to statement of profit and loss on straight line basis over the period of the lease, unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

## 2.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

## 2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of various categories of inventories is arrived at as follows:

Stores, spares, raw materials, components and traded goods - at rates determined on the moving weighted average method.

Goods in Transit – at actual cost.

Work-in-progress and finished goods - at full absorption cost method which includes direct materials, direct labour and manufacturing overheads. Cost is determined on weighted average method.

Provision for obsolescence is made wherever necessary.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

## 2.13 Impairment

### a. Financial assets

Financial assets (other than at fair value) The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 ('Financial Instruments') requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company provides for impairment upon the occurrence of the triggering event.

### b. Non-financial assets

#### Intangible assets and property, plant and equipment

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

#### **2.14 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

#### **2.15 Other income**

Other income is comprised primarily of interest income. Interest income is recognized using the effective interest method.

#### **2.16 Provisions & Contingent liability**

##### **General**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of time value of money is material, Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

##### **Warranty provisions**

Provisions for warranty-related costs are recognised when the product is sold to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

#### **2.17 Financial instruments**

##### **2.17.1 Initial recognition**

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition.

##### **2.17.2 Subsequent measurement**

###### **a. Non-derivative financial instruments**

###### **(i) Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business where the objective is to hold the asset in order to collect contractual cash flows and the

contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**(ii) Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business where the objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

**(iii) Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

**(iv) Financial liabilities**

Financial liabilities are subsequently carried at amortized cost using the effective interest method, For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**(v) Derecognition**

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**b. Derivative financial instruments**

The company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

**Financial assets or financial liabilities, at fair value through profit or loss.**

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in the statement of profit and loss. when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income/expenses. Assets/ liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

Certain commercial contracts may grant rights to the Company or the counterparties, or contain other provisions that are considered to be derivatives. Such embedded derivatives are assessed at inception of the contract and depending on their characteristics, accounted for as separate derivative instruments and shown at their fair value in the balance sheet with changes in their fair value recognized through profit or loss.

## 2.18 Fair value of financial instruments

Fair value hierarchy:

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## 2.19 Earnings per share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

## 2.20 Employee benefits

### 2.20.1 Gratuity & Provident Fund - Defined benefit plans

The present value of the obligation under defined benefit plans are determined based on actuarial valuation using the Projected Unit Credit Method. In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on a net basis.

In case of defined benefit plans, remeasurement comprising of actuarial gains and losses is recognized in other comprehensive income (OCI) and is reflected in retained earnings and is not eligible to be reclassified to profit or loss.

The Company recognises the following changes in the net defined benefit obligation as an expense in statement of profit and loss:

- Service cost including current service cost, past service cost and gains and losses on curtailments and settlements; and
- Net interest expense or income.

Provident fund has been considered as a defined benefit plan since any additional obligations on account of investment risk and interest rate risk are required to be met by the Company.

### **2.20.2 Superannuation - Defined contribution scheme**

Contribution to Superannuation Fund, is made at pre-determined rates to the Superannuation Fund Trust and is charged to the statement of profit and loss during the period in which the employee renders the related services. There are no other obligations other than the contribution payable to the Superannuation Fund Trust.

### **2.20.3 Compensated absences**

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefits. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company presents the entire accumulated leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

### **2.20.4 Share based compensation**

The company recognizes compensation expense relating to share-based payments in net profit using fair-value in accordance with Ind AS 102, Share-Based Payment. The estimated fair value of awards is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding account.

#### **Equity-settled transactions**

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

### **2.21 Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents consist of cash and cheque at hand / remittance in transit and cash and deposit with bank.

### **2.22 Operating cycle**

A portion of the Company's activities (primarily long-term project activities) has an operating cycle that exceeds one year. Accordingly, assets and liabilities related to these long-term contracts, which will not be realized/paid within one year, have been classified as current. For all other activities, the operating cycle is twelve months.

### **2.23 Non-current assets held for sale and discontinued operations**

Non-current assets (including disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less cost to sell.

Non-current assets classified as held for sale are not depreciated or amortised from the date when they are classified as held for sale.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of de-recognition.

Non-current assets classified as held for sale and the assets and liabilities of a disposal group classified as held for sale are presented separately from the other assets and liabilities in the balance sheet. A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and:

(a) represents a separate major line of business or geographical area of operations and;

(b) is part of a single co-ordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the statement of profit and loss.

## 2.24 Recent Indian Accounting Standards (Ind AS)

Following new standard and amendment to Ind AS have not been applied by the Company as they are effective for annual periods beginning on or after January 1, 2019:

Ind AS 115 Revenue from Contracts with Customers

Ind AS 21 The effect of changes in Foreign Exchange rates

### Ind AS 115 Revenue from Contracts with Customers

'In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115 'Revenue from Contracts with Customers' (New Revenue Standard), which replaces Ind AS 11 'Construction Contracts' and Ind AS 18 'Revenue'. The core principle of the New Revenue Standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Some of the key changes introduced by the New Revenue Standard include additional guidance for multiple-element arrangements, measurement approaches for variable consideration, specific guidance for licensing of intellectual property. The new standard also provides guidance on evaluation of performance obligations being distinct to enable separate recognition and could impact timing of recognition of certain elements of multiple element arrangements.

Significant additional disclosures in relation to revenue are also prescribed. The New Revenue Standard also provides two broad alternative transition options – Retrospective Method and Cumulative Effect Method – with certain practical expedients available under the Retrospective Method. The Company is in the process of evaluating the impact of the New Revenue Standard on the present and future arrangements and shall determine the appropriate transition option once the said evaluation has been completed.

### Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.



### 3 Property, plant and equipment and capital work-in-progress

(₹ in Crores)											
Owned assets										Leased assets	
	Freehold Land	Leasehold Land	Leasehold Improvements	Factory Buildings	Other Buildings	Plant and Equipment	Office Equipments	Furniture and Fixtures	Vehicles	Plant and Equipment	Total
<b>Gross carrying value</b>											
As at January 1, 2017	67.28	21.24	21.69	284.42	62.73	795.60	12.91	38.52	0.48	-	1,304.87
Additions	-	-	2.63	19.94	1.54	75.88	3.70	7.34	0.33	12.00	123.36
Disposal	-	-	(0.07)	-	(0.03)	(4.53)	(0.10)	(1.12)	-	-	(5.85)
As at December 31, 2017	67.28	21.24	24.25	304.36	64.24	866.95	16.51	44.74	0.81	12.00	1,422.38
Additions	1.30	-	6.24	10.54	29.52	151.57	10.48	25.70	0.15	3.71	239.21
Disposals	-	(0.78)	(9.22)	(3.52)	(0.73)	(29.46)	(2.58)	(3.53)	-	-	(49.82)
Transferred to discontinued operations	(13.59)	-	(0.35)	(19.94)	(4.91)	(455.08)	(3.46)	(8.38)	(0.25)	-	(505.96)
<b>As at December 31, 2018</b>	<b>54.99</b>	<b>20.46</b>	<b>20.92</b>	<b>291.44</b>	<b>88.12</b>	<b>533.98</b>	<b>20.95</b>	<b>58.53</b>	<b>0.71</b>	<b>15.71</b>	<b>1,105.81</b>
<b>Accumulated depreciation</b>											
Balance as at January 1, 2017	-	0.33	3.07	11.92	3.37	106.95	3.76	6.58	0.10	-	136.08
Depreciation charge for the year	-	0.33	8.81	12.40	3.31	107.24	3.62	6.75	0.15	3.57	146.18
Disposals	-	-	(0.01)	-	(0.03)	(1.57)	(0.05)	(0.82)	-	-	(2.48)
As at December 31, 2017	-	0.66	11.87	24.32	6.65	212.62	7.33	12.51	0.25	3.57	279.78
Depreciation charge for the year	-	0.32	2.51	12.73	3.47	99.14	4.27	7.42	0.19	5.22	135.27
Disposals	-	(0.11)	(9.21)	(1.30)	(0.35)	(22.67)	(2.57)	(3.00)	-	-	(39.21)
Transferred to discontinued operations	-	-	(0.13)	(2.59)	(0.72)	(133.97)	(1.56)	(2.19)	(0.17)	-	(141.33)
<b>As at December 31, 2018</b>	<b>-</b>	<b>0.87</b>	<b>5.04</b>	<b>33.16</b>	<b>9.05</b>	<b>155.12</b>	<b>7.47</b>	<b>14.74</b>	<b>0.27</b>	<b>8.79</b>	<b>234.51</b>
Net carrying value as at December 31, 2017	67.28	20.58	12.38	280.04	57.59	654.33	9.18	32.23	0.56	8.43	1,142.60
<b>Net carrying value as at December 31, 2018</b>	<b>54.99</b>	<b>19.59</b>	<b>15.88</b>	<b>258.28</b>	<b>79.07</b>	<b>378.86</b>	<b>13.48</b>	<b>43.79</b>	<b>0.44</b>	<b>6.92</b>	<b>871.30</b>
Capital work in progress as at December 31, 2017											116.48
<b>Capital work in progress as at December 31, 2018</b>											<b>83.06</b>

#### Notes:

- Other buildings include cost of shares in Lotus Court Private Limited ₹ 0.01 crores.
- The Company had acquired freehold land of 20 acres 36 guntas on a slump sales basis, in 2011. Out of such free hold land acquired 15 acres and 5 guntas is registered in the Company's name and the balance 5 acres and 31 guntas is in the process of being registered.
- There are no tangible assets given on operating lease.

#### 4 Intangible assets

(₹ in Crores)				
	Goodwill	Other intangible assets		Total
		Technical Know-how fees	Capitalised Software	
<b>Gross carrying value</b>				
As at January 1, 2017	46.42	48.74	5.83	54.57
Additions	-	0.74	0.99	1.73
Disposal	-	-	-	-
As at December 31, 2017	46.42	49.48	6.82	56.30
Additions	-	-	2.45	2.45
Disposals	-	(1.20)	(0.40)	(1.60)
Transferred to discontinued operations	(31.80)	(33.36)	(2.29)	(35.65)
<b>As at December 31, 2018</b>	<b>14.62</b>	<b>14.92</b>	<b>6.58</b>	<b>21.50</b>
<b>Accumulated amortisation / impairment</b>				
Balance as at January 1, 2017	-	13.23	1.64	14.87
Amortisation charge for the year	-	10.22	1.57	11.79
Disposals	-	-	-	-
As at December 31, 2017	-	23.45	3.21	26.66
Amortisation charge for the year	-	8.85	1.66	10.51
Disposals	-	(0.70)	(0.40)	(1.10)
Transferred to discontinued operations	-	(20.72)	(1.07)	(21.79)
<b>As at December 31, 2018</b>	<b>-</b>	<b>10.88</b>	<b>3.40</b>	<b>14.28</b>
Net carrying value as at December 31, 2017	46.42	26.03	3.61	29.64
<b>Net carrying value as at December 31, 2018</b>	<b>14.62</b>	<b>4.04</b>	<b>3.18</b>	<b>7.22</b>

#### Note

(₹ in Crores)		
	2018	2017
<b>Breakup of Goodwill CGU wise</b>		
Power Grids	-	31.80
Electrification Products	14.62	14.62
	<b>14.62</b>	<b>46.42</b>

#### Goodwill and CGU's impairment testing

The Company tests whether goodwill has suffered any impairment on an annual basis as at 31 December. The recoverable amount of a Cash Generating Unit ('CGU') is determined based on value-in-use calculations which require the use of assumptions. The calculations use pre-tax cash flow projections based on financial budgets approved by the management. An average of the range of each assumption used is mentioned below.

	2018	2017
Growth rate	5% - 6%	5% - 6%
Operating margins	6% - 13%	6% - 13%
Discount rate	9% - 10%	9% - 10%

The above discount rate is based on the Weighted Average Cost of Capital (WACC) which represents the weighted average return attributable to all the assets of the CGU. These estimates are likely to differ from future actual results of operations and cash flows.

Based on the above assessment, there has been no impairment of goodwill.

## 5 Investments

	(₹ in Crores)			
	Non-current		Current	
	2018	2017	2018	2017
<b>Investment in bonds and debentures</b>				
<b>Quoted:-</b>				
<b>(Carried at amortised cost)</b>				
Nil (December 31, 2017 - 15,00,000) 6.25%, 2018 Government of India Bonds of ₹ 100 each fully paid.	-	-	-	15.96
<b>Unquoted:-</b>				
<b>(Carried at amortised cost)</b>				
10 5.95%, 15 years Non-cumulative bonds of Karnataka Water & Sanitation Pooled Fund Trust of ₹ 1,66,667 (December 31, 2017 - ₹ 2,50,000) each fully paid.	0.09	0.17	0.08	0.08
<b>Investment in mutual fund</b>				
<b>Unquoted:</b>				
<b>(Carried at fair value through profit and loss)</b>				
<b>Mutual funds</b>				
Nil (December 31, 2017 - 755,784.82 units) of -HDFC liquid fund - Direct plan - Growth option	-	-	-	254.41
	0.09	0.17	0.08	270.45
Aggregate amount of				
Quoted investments (Market Value: Nil, December, 31 2017 ₹ 15.00 Crores)	-	-	-	15.96
Total quoted investments	-	-	-	15.96
Unquoted investments	0.09	0.17	0.08	254.49

## 6 Loans

	(₹ in Crores)			
	Non-current		Current	
	2018	2017	2018	2017
(Unsecured considered good, unless otherwise stated)				
Security deposits	10.42	21.56	11.59	18.26
Loans to employees	-	-	4.25	6.36
	10.42	21.56	15.84	24.62

## 7 Other financial assets

	(₹ in Crores)			
	Non-current		Current	
	2018	2017	2018	2017
(Unsecured considered good)				
Non current bank balances	1.51	0.34	-	-
Interest accrued on fixed deposits	-	-	2.22	4.44
Interest accrued on investments	-	-	-	0.48
Deposits with customers	-	-	6.00	13.27
Contract revenue in excess of billing/unbilled revenue	-	-	217.38	650.28
Other receivables	-	-	30.29	43.32
Mark to market gain on forward contracts*	-	-	13.35	31.19
Mark to market gain on embedded derivatives*	-	-	12.67	17.40
	1.51	0.34	281.91	760.38

\* At fair value through profit and loss

**8 Income tax**

	(₹ in Crores)	
	2018	2017
<b>The major components of income tax expense for the years ended December 31,</b>		
<b>Statement of profit and loss:</b>		
<b>Profit or loss section (continuing and discontinued operations)</b>		
<b>Current income tax:</b>		
Current income tax charge	282.05	189.90
Deferred tax	1.30	11.91
<b>Income tax expense reported in the statement of profit and loss</b>	<b>283.35</b>	<b>201.81</b>
<b>Other comprehensive income</b>		
Deferred tax related to items recognised in OCI during the year:	(1.04)	(1.17)
<b>Income tax expense charged to OCI</b>	<b>(1.04)</b>	<b>(1.17)</b>
<b>Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate</b>		
Accounting profit before income tax (continuing and discontinued operations)	794.24	621.76
At India's statutory income tax rate of 34.944% (December 31, 2017 - 34.608%)	277.54	215.18
Adjustments in respect of current income tax		
Non-deductible expenses for tax purposes:	4.00	4.67
Other deductible expenses for the tax purpose	0.36	(14.19)
Others	1.45	(3.85)
<b>At the effective income tax rate of 35.676% (December 31, 2017 - 32.458%)</b>	<b>283.35</b>	<b>201.81</b>
<b>Deferred tax:</b>		
<b>Balance Sheet</b>		
Deferred tax relates to the following:	2018	2017
Property, plant and equipment	(125.15)	(120.21)
Other intangible assets	(13.19)	(13.33)
Provision for doubtful debts and advances	203.30	206.31
Expenditure debited to the statement of profit and loss but allowable for tax purpose in subsequent years	50.00	44.53
<b>Net deferred tax assets/(liabilities)</b>	<b>114.96</b>	<b>117.30</b>
<b>Reflected in the balance sheet as follows:</b>		
Deferred tax assets	253.30	250.84
Deferred tax liabilities	(138.34)	(133.54)
<b>Deferred tax assets, net</b>	<b>114.96</b>	<b>117.30</b>

**9 Non-current tax asset (net)**

	(₹ in Crores)	
	2018	2017
Advance income-tax (net of provision for tax)	288.88	291.79
	<b>288.88</b>	<b>291.79</b>

**10 Other non-current assets**

	(₹ in Crores)	
	2018	2017
Capital advances	13.16	13.17
Advances recoverable in cash or kind (considered doubtful)	3.24	4.45
	<b>3.24</b>	<b>4.45</b>
Less: Provision for doubtful advances	3.24	4.45
	-	-
Taxes and duties recoverable	145.72	174.50
Prepaid rent	0.84	1.32
	<b>159.72</b>	<b>188.99</b>

**11 Trade receivables**

	(₹ in Crores)			
	Non-current		Current	
	2018	2017	2018	2017
<b>Unsecured</b>				
Considered good	-	-	1,686.89	2,764.10
Considered doubtful	-	-	167.21	279.00
Credit impaired	219.31	309.33	-	-
	219.31	309.33	1,854.10	3,043.10
Less:				
Loss allowance on doubtful receivable	219.31	309.33	167.21	279.00
	-	-	1,686.89	2,764.10

**12 Cash and cash equivalents**

	(₹ in Crores)	
	2018	2017
Balances with banks		
- On current accounts	147.23	217.17
- Deposit accounts (Original maturity upto 3 months)	1,225.00	1,155.00
Cheques on hand / remittance in transit	100.16	117.01
Cash on hand	0.01	0.01
	1,472.40	1,489.19

**13 Bank balances other than cash and cash equivalent**

	(₹ in Crores)	
	2018	2017
Unpaid dividend	2.67	2.47
	2.67	2.47

**14 Inventories (valued at lower of cost and net realisable value)**

	(₹ in Crores)	
	2018	2017
Raw materials and components (including goods in transit of ₹ 131.79 Crores, December, 31, 2017 ₹ 173.22 Crores)	629.22	735.12
Work-in-progress	186.89	323.42
Finished goods	80.84	65.24
Traded goods	29.67	27.64
Stores and spares	1.23	2.13
	927.85	1,153.55

During the year ended **December 31, 2018** - ₹ 0.68 Crores (December 31, 2017 - ₹ 0.30 Crores) was recognized as an expense in relation to inventory obsolescence.

**15 Others current assets**

	(₹ in Crores)	
	2018	2017
Prepaid expenses	24.51	24.16
Advances recoverable in cash or kind	31.46	92.55
Balance with government authorities	200.60	215.79
Taxes and duties recoverable	48.43	105.75
Other receivables	30.26	29.75
	335.26	468.00

## 16 Equity

Share capital	2018		2017		
	Equity shares		Equity shares		
	Numbers	(₹ in Crores)	Numbers	(₹ in Crores)	
<b>Authorised share capital</b>					
At December 31, 2017	21,25,00,000	42.50	21,25,00,000	42.50	
At December 31, 2018	21,25,00,000	42.50	21,25,00,000	42.50	
<b>Preference shares</b>					
		Numbers	(₹ in Crores)	Numbers	(₹ in Crores)
11% Redeemable 10 years, cumulative preference shares					
At December 31, 2017	7,50,000	7.50	7,50,000	7.50	
<b>At December 31, 2018</b>	<b>7,50,000</b>	<b>7.50</b>	<b>7,50,000</b>	<b>7.50</b>	
<b>Issued equity share capital</b>					
<b>Equity shares of ₹ 2 each issued, subscribed and fully paid</b>		Numbers	(₹ in Crores)	Numbers	(₹ in Crores)
At December 31, 2017	21,19,08,375	42.38	21,19,08,375	42.38	
<b>At December 31, 2018</b>	<b>21,19,08,375</b>	<b>42.38</b>	<b>21,19,08,375</b>	<b>42.38</b>	

### a) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees.

The Board of directors have recommended dividend of ₹ 4.80 per equity share for the year ended December 31, 2018. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### Details of shareholders holding more than 5% of the shares in the Company

Name of the shareholders	Numbers	% of holding	Numbers	% of holding
ABB Asea Brown Boveri Limited - the holding company	15,89,31,281	75.00%	14,63,90,951	69.08%
ABB Norden Holding AB - a fellow subsidiary	-	-	1,25,40,330	5.92%
Life Insurance Corporation of India	1,21,19,807	5.72%	1,44,39,268	6.81%

As per records of the Company and other declarations received from shareholders, the above shareholding represents both legal and beneficial ownerships of shares.

Shares held by holding / ultimate holding company	Numbers	₹ in Crores	Numbers	₹ in Crores
ABB Asea Brown Boveri Limited - the holding company	15,89,31,281	31.79	14,63,90,951	29.28
ABB Norden Holding AB - a fellow subsidiary	-	-	1,25,40,330	2.51
	<b>15,89,31,281</b>	<b>31.79</b>	<b>15,89,31,281</b>	<b>31.79</b>

**17 Other equity**

	(₹ in Crores)	
	2018	2017
<b>a) Securities premium</b>		
Opening balance	60.00	60.00
Closing balance	60.00	60.00
<b>b) Surplus in the statement of profit and loss</b>		
Opening balance	397.68	127.53
Net profit for the year	510.89	419.95
Other comprehensive income/ (loss) (net of tax)	1.95	2.22
Less: Appropriations during the year		
Equity dividend paid	93.24	84.76
Tax on equity dividend paid	19.17	17.26
Transfer to debenture redemption reserve	-	50.00
<b>Balance as at December 31,</b>	<b>112.41</b>	<b>152.02</b>
<b>Closing balance</b>	<b>798.11</b>	<b>397.68</b>
<b>c) Employee stock options reserve</b>		
Opening balance	0.07	0.03
Add: Employee compensation expense for the year	-	0.04
<b>Closing balance</b>	<b>0.07</b>	<b>0.07</b>
<b>d) Debenture redemption reserve</b>		
Opening balance	150.00	100.00
Add : Transferred during the year	(150.00)	50.00
<b>Closing balance</b>	<b>-</b>	<b>150.00</b>
<b>e) Capital reserve</b>		
Opening balance	1.10	1.10
<b>Closing balance</b>	<b>1.10</b>	<b>1.10</b>
<b>f) Capital redemption reserve</b>		
Opening balance	7.50	7.50
<b>Closing balance</b>	<b>7.50</b>	<b>7.50</b>
<b>g) General reserve</b>		
Opening balance	2,948.16	2,948.16
Add : Transferred during the year	150.00	-
<b>Closing balance</b>	<b>3,098.16</b>	<b>2,948.16</b>
<b>Total other equity</b>	<b>3,964.94</b>	<b>3,564.51</b>

**Nature and purpose of other reserves****a) Securities premium**

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act.

**b) Employee stock option reserve**

The share options outstanding account is used to recognise the grant date fair value of the options issued to employees under Employee Share Acquisition Plan schemes.

**c) Debenture redemption reserve**

The Company is required to create a debenture redemption reserve out of the profits which is available for payment of dividend for the purpose of redemption of debentures.

**d) Capital reserve**

Capital reserve pertains to acquisitions in the earlier years.

**e) Capital Redemption reserve**

The Company had transferred to Capital Redemption reserve, a sum equal to the nominal amount of preference shares to be redeemed out of the profits available for distribution as dividend.

**f) General Reserve**

General reserve is created out of profits earned by the Company by way of transfer from surplus in the statement of profit and loss. The Company can use this reserve for payment of dividend and issue of fully paid-up shares. As General reserve is created by transfer of one component of equity to another and is not an item of other comprehensive income, items included in the General reserve will not be subsequently reclassified to statement of profit and loss.

**18 Borrowings**

	(₹ in Crores)			
	Non-current		Current	
	2018	2017	2018	2017
<b>(At amortized cost)</b>				
<b>Secured:</b>				
Finance lease obligations	2.03	4.14	-	-
	<b>2.03</b>	4.14	-	-

**19 Other financial liabilities**

	(₹ in Crores)			
	Non-current		Current	
	2018	2017	2018	2017
Security deposits received	3.49	3.86	0.04	0.08
Interest accrued but not due on long-term borrowings	-	-	-	3.16
Unpaid dividends	-	-	2.67	2.47
Employee related payables	-	-	75.16	108.33
Mark to market loss on embedded derivatives*	-	-	9.90	37.30
Mark to market loss on forward contracts*	-	-	23.59	25.14
Current maturities of long term borrowings**	-	-	-	600.00
Current maturities of finance lease liabilities	-	-	4.89	4.21
Other payables	-	-	287.13	398.62
	<b>3.49</b>	3.86	<b>403.38</b>	1,179.31

\* At fair value through profit and loss

\*\* The debentures are repayable after 3 years from the date of allotment being September 4, 2015. The debentures carry interest rate of MIBOR plus 80 basis points. The proceeds have been utilized towards working capital and other corporate purposes including refinancing of Company's debt. The debentures have been fully repaid in the current year.



**20 Provisions**

	(₹ in Crores)			
	Non-current		Current	
	2018	2017	2018	2017
<b>Provisions for employee benefits</b>				
Gratuity	-	-	4.08	0.61
Provident fund	-	-	-	2.35
Leave benefits	-	-	25.75	41.32
<b>Other provisions</b>				
Warranties	-	-	86.40	149.29
Loss orders	-	-	17.33	37.32
Litigations	-	-	0.57	1.09
Sales tax	32.29	42.68	23.72	60.33
Provision for income tax (net)	-	-	75.53	22.21
	<b>32.29</b>	42.68	<b>233.38</b>	314.52

**Nature of provisions:**

- i) Warranties: The Company provides warranties for its products, systems and services, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made as at December 31, 2018 represents the amount of the expected cost based on technical evaluation and past experience of meeting such obligations. It is expected that this expenditure will be incurred over the contractual warranty period.
- ii) Loss orders: A provision for expected loss on construction contracts is recognised when it is probable that the contract costs will exceed total contract revenue. For all other contracts loss order provisions are made when the unavoidable costs of meeting the obligation under the contract exceed the currently estimated economic benefits.
- iii) Provision for litigation represents claims against the Company not acknowledged as debts that are expected to materialise in respect of matters in litigation. The outflow would depend on the cessation of the respective events.
- iv) Provision for sales tax represents mainly the differential sales tax liability on account of non – collection of declaration forms. The outflow would depend on the cessation of the respective events.

**Movement in provisions: (Figures in brackets are in respect of the previous year)**

Class of provisions	(₹ in Crores)					
	As at January 1, 2018	Additions	Amounts used	Unused Amounts reversed	Provisions pertaining to discontinued operations as at Dec 31, 2018	As at December 31, 2018
Warranties	149.29	132.19	62.55	51.08	81.45	86.40
	(144.93)	(141.41)	(57.01)	(80.04)		(149.29)
Loss orders	37.32	10.59	3.73	-	26.85	17.33
	(33.90)	(59.23)	(55.81)	-		(37.32)
Litigations	1.09	-	-	0.52	-	0.57
	(11.98)	-	-	(10.89)		(1.09)
Sales tax	103.01	3.14	0.02	16.82	33.30	56.01
	(97.15)	(19.63)	(3.29)	(10.48)		(103.01)

**21 Trade Payables**

	(₹ in Crores)	
	2018	2017
Dues to micro and small enterprises	123.80	142.48
	123.80	142.48
Dues to creditors other than micro and small enterprises		
Acceptances	431.87	642.12
Other trade payables	1,318.84	1,928.51
	1,750.71	2,570.63
	1,874.51	2,713.11

The Company has amounts due to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at **December 31, 2018** (including discontinued operations related).

(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at **December 31, 2018**

Principal amount	179.70	138.04
Interest	1.39	0.46

(ii) The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day for the year ending **December 31, 2018**

Principal amount	-	-
Interest	4.13	3.69

(iii) The amount of interest due and payable for the period of delay in making payment (beyond the appointed day during the year)

3.65	3.98
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(iv) The amount of interest accrued and remaining unpaid for the year ending **December 31, 2018**

5.04	4.44
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(v) The amount of further interest remaining due and payable for the earlier years.

1.55	1.55
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(vi) **The amount (including interest) due as at December 31, 2018**

184.74	142.48
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**22 Other liabilities**

	(₹ in Crores)	
	2018	2017
Billing in excess of contract revenue	133.40	198.91
Statutory dues payable	18.37	38.25
Advance from customer	230.78	750.41
Deferred revenue	1.65	12.88
Other payables	13.56	23.09
	397.76	1,023.54

**23 Revenue from operations (net)**

	(₹ in Crores)	
	2018	2017
<b>Sale of products and services</b>		
Sale of products (refer note 44)	6,242.91	5,800.43
Sale of services	370.45	411.06
	<b>6,613.36</b>	<b>6,211.49</b>
<b>Other operating revenues</b>		
Scrap sales	13.01	11.61
Commission income	2.38	2.25
Income from development services	29.81	29.45
Miscellaneous income	31.56	32.69
	<b>76.76</b>	<b>76.00</b>
<b>Revenue from operations (net)</b>	<b>6,690.12</b>	<b>6,287.49</b>
<b>Detail of sale of products and services</b>		
<b>(i) Sale of products</b>		
Switchgear of all types	1,960.28	1,738.32
Electronic control and supply units for variable speed drives and other applications	1,645.46	1,241.89
Motors and other machines	946.59	772.77
Others	1,690.58	2,047.45
	<b>6,242.91</b>	<b>5,800.43</b>
<b>(ii) Sale of services</b>		
Erection, commissioning and other engineering services	370.45	411.06
	<b>370.45</b>	<b>411.06</b>
	<b>6,613.36</b>	<b>6,211.49</b>
The above includes revenue from construction contracts (including discontinued operations related) (refer note 43)	<b>2,814.78</b>	<b>2,223.18</b>

**24 Other income**

	(₹ in Crores)	
	2018	2017
<b>Finance income</b>		
Interest income:		
Interest on security deposit	0.83	0.74
Interest on retention	3.38	10.48
Interest from deposits with bank	42.73	49.38
Interest from long-term investments	0.01	0.95
	<b>46.95</b>	<b>61.55</b>
<b>Other income</b>		
Mark to market fair value change in investment	12.22	8.17
Interest income - on tax refunds etc.	0.33	8.01
Income from sale of revenue contracts	10.50	-
Profit on sale of business	14.01	-
	<b>37.06</b>	<b>16.18</b>
	<b>84.01</b>	<b>77.73</b>

	(₹ in Crores)	
	2018	2017
<b>25 Cost of materials consumed</b>		
<b>Raw material and components consumed</b>		
Inventory at the beginning of the year	468.74	425.83
Add : Purchases during the year	3,916.10	3,524.06
Less : Inventory at the end of the year	629.22	468.74
<b>Cost of raw materials consumed</b>	<b>3,755.62</b>	<b>3,481.15</b>
<b>26 Purchases of traded goods</b>		
Motors and other machines	113.34	87.97
Switchgears	6.40	21.29
Power invertors	2.17	3.50
Others	460.20	239.31
	<b>582.11</b>	<b>352.07</b>
<b>27 Changes in inventories of finished goods, traded goods and work-in-progress</b>		
Opening stock		
- Finished goods	56.66	38.28
- Work-in-progress	163.07	154.43
- Traded goods	27.29	11.80
	<b>247.02</b>	<b>204.51</b>
Closing stock		
- Finished goods	80.84	56.66
- Work-in-progress	186.89	163.07
- Traded goods	29.67	27.29
	<b>297.40</b>	<b>247.02</b>
	<b>(50.38)</b>	<b>(42.51)</b>
<b>28 Employee benefit expenses</b>		
Salaries, wages and bonus	454.69	444.57
Gratuity	1.43	2.29
Provident fund	9.56	16.50
Contribution to superannuation and other funds	15.85	16.03
Staff welfare expenses	37.96	27.94
Training, recruitment and transfer expenses	10.01	11.35
	<b>529.50</b>	<b>518.68</b>
<b>29 Depreciation and amortisation expense</b>		
Depreciation of tangible assets	88.65	96.94
Amortisation of intangible assets	4.11	4.29
	<b>92.76</b>	<b>101.23</b>
<b>30 Finance costs</b>		
Interest expenses	41.44	46.00
Bill discounting and other charges	11.14	8.88
Interest expense on provisions measured at amortised cost	1.32	2.36
	<b>53.90</b>	<b>57.24</b>

**31 Other expenses**

	(₹ in Crores)	
	2018	2017
Consumption of stores and spares	12.56	11.15
Packing expenses	24.79	21.84
Royalty and technology fees	174.51	156.82
Freight and forwarding	99.14	75.17
Postage and telephone	3.87	6.72
Commission (other than sole selling agent)	5.34	2.71
Power and fuel	21.87	21.16
Travelling and conveyance	86.98	95.69
Insurance	10.21	13.63
Rates and taxes (net)	(13.94)	19.14
Rent	33.42	31.25
Repairs :		
Buildings	6.31	3.16
Plant and machinery	17.89	14.50
Others	3.97	3.18
Provision for doubtful debts and advances (net)	24.34	(9.61)
Bad debts/advances written off	68.68	87.25
Loss on sale of fixed assets (net)	2.12	5.35
Printing and stationery	3.44	4.22
Bank charges	6.32	4.84
Corporate social responsibility expenditure	10.74	9.48
Legal and professional	56.35	40.60
Auditor's remuneration	2.49	1.96
Trade-mark fees	68.22	65.19
Information technology expenses	193.44	122.86
Exchange and commodity rate difference (net)	44.11	27.49
Director's fees and commission	0.98	0.94
Services from third parties	80.89	68.16
Testing and inspection charges	10.58	13.12
Seminar and publicity expenses	14.79	9.35
Group management fees	87.34	100.96
Miscellaneous	27.43	29.23
	<b>1,189.18</b>	<b>1,057.51</b>
<b>Auditor's remuneration (excluding goods and service tax)*</b>		
As auditor:		
Audit fee	0.70	0.90
Tax audit fee	0.30	0.26
Limited review	0.60	0.53
In other capacity:		
Group reporting fees	0.20	-
Certification, etc	0.40	0.16
Reimbursement of expenses	0.29	0.11
	<b>2.49</b>	<b>1.96</b>
* Previous year auditors remuneration includes ₹ 0.51 Crores paid to erstwhile auditors.		
<b>Details of corporate social responsibility expenditure</b>		
Gross amount required to be spent during the year	<b>10.74</b>	9.33
Amount spent during the year		
Construction/acquisition of any asset	<b>3.73</b>	2.16
On purposes other than above	<b>7.01</b>	7.32
	<b>10.74</b>	<b>9.48</b>

## 32 Discontinued operations

### Disposal of Power Grids business

On 17th December 2018, ABB Limited, Zurich announced the sale of its Global Power Grids Business to Hitachi. Further to the global announcement, in the Board meeting held on 13th February, 2019 the Board granted in-principle approval for the segregation of the Company's Power Grid's business from the other business of the Company. Consequently, in pursuant to the requirements of Ind AS 105 – Non Current Assets Held for Sale and Discontinued Operations, the Company has classified the assets and liabilities as at 31st December 2018 pertaining to the Power Grids Business as Assets / Liabilities held for sale and measured the same at lower of cost and fair value (fair value less costs to sell). The results of Power Grid business are presented in results from discontinued operations in the current and prior periods presented.

The financial performance and cash flows for Power Grids business:

	2018	2017
<b>a) Analysis of profit from discontinued operations</b>		
<b>Income</b>		
Revenue from operations	4,171.77	3,087.61
Other income	13.21	43.24
<b>Total income</b>	<b>4,184.98</b>	<b>3,130.85</b>
<b>Expenses</b>		
Cost of raw materials, components consumed and project bought outs	2,383.73	1,579.52
Purchases of traded goods	1.25	5.05
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	(33.99)	(23.00)
Excise duty (Note 44)	-	94.02
Subcontracting charges	320.18	226.03
Employee benefit expenses	299.78	277.62
Depreciation and amortisation expense	53.02	56.74
Finance costs	22.79	20.07
Other expenses	739.12	606.87
<b>Total expenses</b>	<b>3,785.88</b>	<b>2,842.92</b>
<b>Profit before tax</b>	<b>399.10</b>	<b>287.93</b>
Tax expense:	142.40	93.46
<b>Profit after tax</b>	<b>256.70</b>	<b>194.47</b>
<b>b) Net cash flows attributable to the discontinued operations</b>		
Net cash (outflows) / inflows from operating activities	456.06	579.90
Net cash used in investing activities	(58.87)	(6.89)
Net cash (outflows) / inflows from financing activities	(446.28)	(615.14)
<b>Net cash outflows</b>	<b>(49.09)</b>	<b>(42.13)</b>

<b>c) Book value of assets and liabilities of discontinued operations</b>	
Property, plant and equipment and intangible assets (including CWIP)	435.70
Non-current financial assets	6.09
Other non-current assets	39.85
Inventories	419.36
Trade receivables	1,399.95
Cash and cash equivalents	(6.46)
Current financial assets	379.38
Other current assets	128.35
<b>Total assets (A)</b>	<b>2,802.22</b>
Non-current financial liabilities - provisions	9.76
Trade payables	1,180.58
Other financial liabilities	202.69
Other current liabilities	580.73
Current liabilities - provisions	148.98
<b>Total liabilities (B)</b>	<b>2,122.74</b>
<b>Net Assets (A - B)</b>	<b>679.48</b>

### 33 Earning per share (EPS)

	(₹ in Crores)	
	2018	2017
The following reflects the income and share data used in the basic and diluted EPS computations		
<b>a) Profit after tax</b>		
From continuing operations	254.19	225.48
From discontinued operations	256.70	194.47
<b>b) Profit attributable to equity shareholders</b>	<b>510.89</b>	<b>419.95</b>
<b>c) Weighted average number of Equity Shares outstanding during the year</b>	<b>21,19,08,375</b>	<b>21,19,08,375</b>
<b>d) Nominal value of shares (in ₹)</b>	<b>2.00</b>	<b>2.00</b>
<b>e) Earnings per share- Basic and diluted (in ₹)</b>		
From continuing operations (in ₹)	12.00	10.64
From discontinued operations (in ₹)	12.11	9.18
From continuing and discontinued operations (in ₹)	<b>24.11</b>	<b>19.82</b>

### 34 Gratuity and other post-employment benefit plans

The Company has defined benefit gratuity plan and provident fund plan managed by trusts.

#### Gratuity Plan :

Gratuity is payable to all eligible employees of the Company as per the provisions of the Payment of Gratuity Act, 1972 or as per the Company's scheme, whichever is higher.

#### Provident Fund Plan :

The Company manages provident fund plan through a provident fund trust for its employees which is permitted under the Provident Fund and Miscellaneous Provisions Act, 1952. The Contribution by employee and employer together with interest are payable at the time of separation from service or retirement whichever is earlier.

Assumptions relating to future salary increases, attrition, interest rate for discount and overall expected rate of return on assets have been considered based on relevant economic factors such as inflation, market growth and other factors applicable to the period over which the obligation is expected to be settled.

	(₹ in Crores)	
	2018	2017
<b>A Gratuity</b>		
The following table sets out movement in defined benefits liability and the amount recognised in the financial statements:		
Gratuity provision	6.80	0.61
<b>Total</b>	<b>6.80</b>	<b>0.61</b>

	(₹ in Crores)		
	Defined benefit obligation	Fair value of plan assets	Benefit liability
<b>i Changes in the defined benefit obligation and fair value of plan assets as at December 31, 2018:</b>			
<b>Gratuity cost charged to profit or loss:</b>			
As at January 1, 2017	132.47	117.47	15.00
Service cost	11.39	-	11.39
Net interest expense	8.33	8.08	0.25
<b>Total amount recognised in statement of profit and loss (Note 28 and 32)</b>	<b>19.72</b>	<b>8.08</b>	<b>11.64</b>
<b>Remeasurement (gains)/losses in other comprehensive income:</b>			
Return on plan assets (excluding amounts included in net interest expense)	-	1.85	(1.85)
Actuarial changes arising from changes in financial assumptions	(8.13)	-	(8.13)
Experience adjustments	6.59	-	6.59
<b>Total amount recognised in other comprehensive income</b>	<b>(1.54)</b>	<b>1.85</b>	<b>(3.39)</b>
Contributions by employer	-	22.64	(22.64)
Benefits paid	(16.53)	(16.53)	-
As at December 31, 2017	134.12	133.51	0.61
Service cost	<b>11.41</b>	-	<b>11.41</b>
Net interest expense	<b>9.40</b>	<b>9.36</b>	<b>0.04</b>
<b>Total amount recognised in statement of profit and loss (Note 28 and 32)</b>	<b>20.81</b>	<b>9.36</b>	<b>11.45</b>
Acquisitions(credit)/cost	<b>(2.27)</b>	-	<b>(2.27)</b>
<b>Remeasurement (gains)/losses in other comprehensive income:</b>			
Return on plan assets (excluding amounts included in net interest expense)	-	<b>0.94</b>	<b>(0.94)</b>
Actuarial changes arising from changes in financial assumptions	<b>0.07</b>	-	<b>0.07</b>
Experience adjustments	<b>(2.12)</b>	-	<b>(2.12)</b>
<b>Total amount recognised in other comprehensive income</b>	<b>(2.05)</b>	<b>0.94</b>	<b>(2.99)</b>
Contributions by employer	-	-	-
Benefits paid	<b>(14.14)</b>	<b>(14.14)</b>	-
<b>As at December 31, 2018</b>	<b>136.47</b>	<b>129.67</b>	<b>6.80</b>



		(₹ in Crores)	
		2018	2017
<b>ii Amount recognized in balance sheet (including discontinued operations related)</b>			
Present value of funded obligations		136.47	134.12
Fair value of plan assets		129.67	133.51
<b>Net funded obligation</b>		<b>(6.80)</b>	<b>(0.61)</b>
<b>Net defined benefit (liability) / asset recognised in balance sheet</b>		<b>(6.80)</b>	<b>(0.61)</b>
<b>iii Expense recognised in profit or loss (includes discontinued operations related)</b>			
Current Service Cost		11.41	11.39
Interest Cost		0.04	0.25
		<b>11.45</b>	<b>11.64</b>
<b>iv Remeasurements recognised in other comprehensive income</b>			
Actuarial (gain)/loss on defined benefit obligation		<b>(2.05)</b>	(1.54)
Return on plan assets excluding interest income		<b>(0.94)</b>	(1.85)
		<b>(2.99)</b>	<b>(3.39)</b>
<b>v The major categories of plan assets of the fair value of the total plan assets are as follows:</b>			
<b>Investments quoted in active markets</b>			
Government of India Securities (Central and State)		12.00%	15.10%
PSU securities		8.20%	10.67%
Special deposit scheme / Funds with LIC		74.00%	68.14%
Others (including bank balances)		5.80%	6.09%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>vi The principal assumptions used in determining gratuity obligations are shown below:</b>			
Discount rate		7.30%	7.40%
Future salary increases		7.75%	7.75%
<b>vii The following payments are expected contributions to the defined benefit plan in future years</b>			
Within the next 12 months (next annual reporting period)		9.55	10.05
Between 2 and 5 years		63.64	54.92
Beyond 5 years		96.68	86.81
<b>Total expected payments</b>		<b>169.87</b>	<b>151.78</b>
The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years.			

		(₹ in Crores)			
		2018		2017	
		Discount rate	Future salary increases	Discount rate	Future salary increases
<b>viii A quantitative sensitivity analysis for significant assumption as at December 31, 2018 is as shown below:</b>					
<b>Assumptions</b>					
Sensitivity analysis					
1% increase		(9.88)	11.21	(10.25)	11.73
1% decrease		11.36	(9.93)	11.88	(10.32)
<b>Impact on defined benefit obligation</b>					
The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.					

**B Provident fund**

	(₹ in Crores)		
	Defined benefit obligation	Fair value of plan assets	Benefit liability
<b>i Changes in the defined benefit obligation and fair value of plan assets</b>			
As at January 1, 2017	506.57	507.65	(1.08)
Current service cost	20.76	-	20.76
Contribution by plan participants	53.05	-	53.05
Interest expense	43.81	-	43.81
Return on plan assets	-	53.38	(53.38)
Contributions	-	73.05	(73.05)
Benefit payments	(74.96)	(74.96)	-
Actuarial (gain)/loss	12.24	-	12.24
As at December 31, 2017	561.47	559.12	2.35
Current service cost	<b>96.55</b>	-	<b>96.55</b>
Interest expense/income	<b>50.89</b>	<b>50.71</b>	<b>0.18</b>
Return on plan assets	-	<b>(13.85)</b>	<b>13.85</b>
Contributions	-	<b>93.35</b>	<b>(93.35)</b>
Benefit payments	<b>(53.03)</b>	<b>(53.03)</b>	-
Actuarial (gain)/loss	<b>(20.95)</b>	-	<b>(20.95)</b>
<b>As at December 31, 2018</b>	<b>634.93</b>	<b>636.30</b>	<b>(1.37)</b>

	(₹ in Crores)	
	2018	2017
<b>ii Amount recognized in balance sheet</b>		
Present value of funded obligations	<b>634.93</b>	561.47
Fair value of plan assets	<b>636.30</b>	559.12
<b>Net funded obligation</b>	<b>1.37</b>	(2.35)
<b>Net defined benefit (liability) / asset recognised in balance sheet</b>		(2.35)
<b>iii The principal assumptions are shown below:</b>		
Discount rate	<b>7.30%</b>	7.40%
Expected return on EPFO	<b>8.55%</b>	8.60%
<b>iv A quantitative sensitivity analysis for significant assumption as at December 31, 2018 is as shown below:</b>		
0.5% increase in discount rate	<b>(13.41)</b>	(14.46)
0.5% decrease in discount rate	<b>23.72</b>	24.79

The sensitivity results above determine their individual impact on the plan's end of year defined benefit obligation. In reality, the plan is subject to multiple external experience items which may move the defined benefit obligation in similar or opposite direction, while the plan's sensitivity to such changes can vary over time.

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach.

**v The major categories of plan assets of the fair value of the total plan assets are as follows:**

<b>Investments quoted in active markets</b>		
Government of India Securities (Central and State)	<b>51.14%</b>	48.85%
PSU securities	<b>35.99%</b>	38.15%
Special deposit scheme/Funds with LIC	<b>0.00%</b>	5.20%
Others (including bank balances)	<b>12.87%</b>	7.80%
<b>Total</b>	<b>100.00%</b>	100.00%

**vi** The company contributed ₹ **16.94** Crores towards employer's contribution for provident fund during the year December 2018.

**vii** The provident plans are applicable only to employees drawing a salary in Indian rupees and there are no other significant foreign defined benefit plans.

### 35 Fair value hierarchy

The Company's assets and liabilities which are measured at amortised cost for which fair value are disclosed at December 31, 2018.

#### Fair value hierarchy

Particulars	(₹ in Crores)	
	2018	2017
<b>Financial Assets at amortised cost</b>		
Investments (refer note 5)	0.17	16.21
Loans (refer note 6)	26.26	46.18
Trade and other receivables (refer note 11)	1,686.89	2,764.10
Cash and cash equivalents (refer note 12)	1,472.40	1,489.19
Other financial assets (refer note 7)	255.89	711.79
<b>Financial assets at fair value through profit and loss :</b>		
Investments (refer note 5)	-	254.41
Derivative instruments (refer note 7)	26.02	48.59
<b>Total financial assets</b>	<b>3,467.63</b>	<b>5,330.47</b>
<b>Financial liabilities at amortised cost</b>		
Borrowing (refer note 18)	2.03	4.14
Trade payables (refer note 21)	1,874.51	2,713.11
Other financial liability (refer note 19)	373.38	1,120.73
<b>Financial assets at fair value through profit and loss :</b>		
Derivative instruments (refer note 19)	33.49	62.44
<b>Total financial liabilities</b>	<b>2,283.41</b>	<b>3,900.42</b>

Particulars	(₹ in Crores)			
	Amount	Level 1	Level 2	Level 3
<b>Financial assets at fair value through profit and loss :</b>				
Derivative instruments (refer note 7) - As at December 31, 2018	26.02	-	26.02	-
Derivative instruments (refer note 7) - As at December 31, 2017	48.59	-	48.59	-
Investments (refer note 5) - As at December 31, 2018	-	-	-	-
Investments (refer note 5) - As at December 31, 2017	254.41	254.41	-	-
<b>Financial liabilities at fair value through profit and loss :</b>				
Derivative instruments (refer note 19) - As at December 31, 2018	33.49	-	33.49	-
Derivative instruments (refer note 19) - As at December 31, 2017	62.44	-	62.44	-

#### Valuation techniques and significant unobservable inputs

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

There were no transfers between Level 1, Level 2 and Level 3 during the year

The carrying value of trade receivables, loans, trade payables, other financial assets and liabilities and cash and cash equivalents are considered to be the same as their fair value, due to their short term in nature.

The fair value of financial assets and liabilities is included at the amount at which the instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Company enters into derivative financial instruments with banks/ financial institutions. Foreign currency forward contracts are valued using valuation techniques which employ the use of market observable inputs using present value calculations. The model incorporates various inputs including the deal specific fundamental, market conditions, maturity period, transaction size, comparable trades, foreign currency spot and forward rates.

### 36 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to support its operations. The Company's principal financial assets include investments, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, liquidity risk and credit risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Risk management committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

#### i. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, trade payables, deposits and investments.

##### a) Commodity contracts

The Company uses commodity future contracts to hedge risk against fluctuation in commodity prices. The following are outstanding future contracts entered into by the Company as on December 31, 2018.

Year	Commodity	Number of contracts	Contractual quantity	Buy /Sell
As at December 2018	Copper	116	2,804 MTs	Buy
As at December 2018	Silver	31	95,289 Ounce	Buy
As at December 2018	Aluminum	5	44 MTs	Buy
As at December 2017	Copper	101	1,927 MTs	Buy
As at December 2017	Silver	13	104,556 Ounce	Buy
As at December 2017	Aluminum	Nil	Nil	Nil

# includes discontinued operations related.

#### ii. Foreign Currency Risk

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US\$. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not Company's functional currency (INR).

**(a) Unhedged in foreign currency exposure**

(₹ in Crores)							
Currency	EUR	BDT	BTN	SEK	CHF	USD	Others
<b>Trade Receivables</b>							
As at December 31, 2018	-	12.45	26.63	-	15.87	-	5.05
1% increase	-	0.12	0.27	-	0.16	-	0.05
1% decrease	-	(0.12)	(0.27)	-	(0.16)	-	(0.05)
As at December 31, 2017	54.24	-	-	264.62	-	419.90	1.31
1% increase	0.54	-	-	2.65	-	4.20	0.01
1% decrease	(0.54)	-	-	(2.65)	-	(4.20)	(0.01)
<b>Trade payables</b>							
As at December 31, 2018	99.14	11.18	2.69	0.22	-	-	19.88
1% increase	0.99	0.11	0.03	0.00	-	-	0.20
1% decrease	(0.99)	(0.11)	(0.03)	(0.00)	-	-	(0.20)
As at December 31, 2017	150.15	-	-	303.84	19.17	289.21	58.00
1% increase	1.50	-	-	3.04	0.19	2.89	0.58
1% decrease	(1.50)	-	-	(3.04)	(0.19)	(2.89)	(0.58)
<b>Cash and cash equivalents</b>							
As at December 31, 2018	-	-	-	-	-	-	17.95
1% increase	-	-	-	-	-	-	0.18
1% decrease	-	-	-	-	-	-	(0.18)
As at December 31, 2017	-	-	-	-	-	-	42.96
1% increase	-	-	-	-	-	-	0.43
1% decrease	-	-	-	-	-	-	(0.43)

# Includes discontinued operations related.

The above sensitivity analysis is based on a reasonably possible change in the underlying foreign currency against the Indian rupee computed from historical data and is representative of the foreign exchange currency risk inherent in financial assets and financial liabilities reported at the reporting date.

**(b) Fair value of derivative instruments**

(₹ in Crores)		
	2018	2017
(a) Forward contract for export debtors outstanding	49.89	24.19
(b) Forward contract for import creditors outstanding	(53.13)	25.14
(c) Forward cover for expected future sales / purchases	(6.88)	7.00

# Includes discontinued operations related.

**(c) Forward contracts outstanding as of December 31, 2018**

Currency	2018			2017		
	Number of Contracts	Amount in Foreign Currency Crores	(₹ in Crores)	Number of Contracts	Amount in Foreign Currency Crores	(₹ in Crores)
<b>Exports</b>						
CHF	75	1.91	143.01	10	0.07	5.14
EUR	484	4.29	366.40	143	1.39	110.09
SEK	112	32.83	278.53	6	30.89	268.66
USD	464	6.43	457.11	408	10.07	678.64
Others	60	6.56	65.90	14	1.20	6.72
			1,310.95			1,069.25

Currency	2018			2017		
	Number of Contracts	Amount in Foreign Currency Crores	(₹ in Crores)	Number of Contracts	Amount in Foreign Currency Crores	(₹ in Crores)
<b>Imports</b>						
CHF	18	0.39	30.37	126	2.05	141.10
EUR	154	1.81	156.11	788	6.08	478.55
SEK	6	24.55	214.13	197	44.74	374.20
USD	386	10.47	754.55	624	8.23	551.71
Others	13	13.87	12.69	91	10.78	64.19
			<b>1,167.85</b>			<b>1,609.75</b>

# Includes discontinued operations related.

### iii. Interest rate risk

The Company's exposure to changes in interest rates relates primarily to the Company's outstanding Non-convertible debentures (linked to MIBOR) in the previous year. As at December 31, 2018, the non-convertible debentures have been fully redeemed.

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

	(₹ in Crores)	
	2018	2017
Non- convertible debentures	-	600.00

A hypothetical 25 basis point shift in respective MIBORs rate on interest would result in a corresponding increase/ decrease in interest cost for the Company on a yearly basis.

	(₹ in Crores)			
	Impact on profit and loss		Impact on equity	
	2018	2017	2018	2017
Interest rates - increase by 0.25% in INR interest rate *	-	(1.50)	-	(1.50)
Interest rates - decrease by 0.25% in INR interest rate *	-	1.50	-	1.50

\* Holding all other variables constant

### iv Credit risk

Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

#### Trade receivables

Trade receivables consists of a large number of customers spread across diverse industries.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable. Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At year end, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivable and the amount of the loss is recognised in the statement of profit and loss within other expenses.

Specific allowance for loss is also been provided by the management based on expected recovery on individual customers.

The provision provided in books for trade receivables overdue:

**Reconciliation of loss allowance**

	(₹ in Crores)	
	2018	2017
<b>Opening balance</b>	<b>588.33</b>	594.10
Add: Additional ECL provision/(reversal)	<b>(10.60)</b>	26.37
Add: Additional provision	<b>106.21</b>	111.49
Less: Utilisation/reversals	<b>105.68</b>	143.63
<b>Closing balance</b>	<b>578.26</b>	588.33

# Includes discontinued operations related.

Management does not expect any significant loss from non-performance by counterparties on credit granted during the financial year that has not been provided for.

**v. Liquidity risk**

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and debentures. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company maintains flexibility in funding by maintaining availability under committed credit lines.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	2018				2017			
	On demand	Less than 1 year	More than 1 year	Total	On demand	Less than 1 year	More than 1 year	Total
<b>Year ended</b>								
<b>December 31, 2018</b>								
Borrowings	-	-	2.03	2.03	-	-	4.14	4.14
Other financial liabilities	-	373.38	-	373.38	-	1,120.73	-	1,120.73
Trade payables	-	1,874.51	-	1,874.51	-	2,713.11	-	2,713.11
<b>Total non-derivative liabilities</b>	-	<b>2,247.89</b>	<b>2.03</b>	<b>2,249.92</b>	-	3,833.84	4.14	3,837.98

**37 Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

	(₹ in Crores)	
	2018	2017
Borrowings	2.03	4.14
Trade payables	1,874.51	2,713.11
Other financial liabilities	406.87	1,183.17
Less: cash and cash equivalents	(1,472.40)	(1,489.19)
<b>Net debts</b>	<b>811.01</b>	2,411.23
Total equity	4,007.32	3,606.89
<b>Capital and net debt</b>	<b>4,818.33</b>	6,018.12
<b>Gearing ratio</b>	<b>16.83%</b>	40.07%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended December 31, 2018.

### 38 Share based payments

The employees of the Company are entitled to the shares of ABB Limited, Zurich (Ultimate holding company) under an equity settled share based plan. The share based payments expense accounted during the year is not material and hence the required disclosures has not been provided.

### 39 Contingent liabilities and contingent assets

	(₹ in Crores)	
	2018	2017
<b>Contingent liabilities</b>		
Excise duty /service tax and sales tax liabilities dispute	487.11	564.49
Custom duty liabilities in dispute	18.65	4.90
Claims against the Company not acknowledged as debts	225.27	240.32
Income tax matters in dispute	13.24	16.98
	<b>744.27</b>	<b>826.69</b>

# includes discontinued operations related.

The Company does not have any contingent assets at the balance sheet date.

The Company is contesting the demands and the management believes that its position will likely be upheld in the various appellate authorities/courts. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position.

In respect of the above contingent liabilities, the future cash outflows are determinable only on receipt of judgement pending at various forums / authorities.

### 40 Commitments

	(₹ in Crores)	
	2018	2017
<b>(a) Capital commitments</b>		
Estimated amount of contracts remaining to be executed on account of capital commitments and not provided for (net of advances)	145.10	115.04
# includes discontinued operations related.		
<b>(b) Non-cancellable operating leases</b>		
The Company has taken several premises and vehicles under cancellable and non-cancellable operating leases. These lease agreements are normally for one to ten years and have option of renewal on expiry of lease period based on mutual agreement.		
Rental expenses towards cancellable and non-cancellable operating lease charged to the statement of profit and loss amounts to ₹ 43.11 crores (December 31, 2017 ₹ 38.30 crores)		
Some of the lease agreements have escalation clause ranging from 5% to 15%. There are no exceptional/restrictive covenants in the lease agreement. There are no assets given on operating lease.		
Future minimum rentals payable under non-cancellable operating leases are as follows:		
Within one year	14.68	13.31
Later than one year but not later than five years	31.32	19.82
Later than five years	-	0.32
	<b>46.00</b>	<b>33.45</b>



**(c) Finance lease**

The Company has finance lease contracts for certain items of plant and machinery. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are, as follows: (Figures in brackets are in respect of the previous year)

	2018	
	Minimum lease payments	PV of minimum lease payments
Within one year	<b>5.88</b>	<b>4.89</b>
	(5.13)	(4.21)
After one year but not More than five years	<b>2.39</b>	<b>2.03</b>
	(5.05)	(4.14)
More than five years	-	-
	(-)	(-)
<b>Total minimum lease payments</b>	<b>8.27</b>	<b>6.92</b>
	(10.18)	(8.35)
Less: Amount representing finance charges	<b>1.35</b>	
	(1.83)	
<b>Present value of minimum lease payments</b>	<b>6.92</b>	
	(8.35)	

**41 Segment disclosures****41(a) Segment information**

**The Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by operating segments. For management purposes, CODM organises the company into business units based on its products and services and has four reportable segments, as follows**

**i) Composition of business segments**

The Company's business segments are organized around products and system solutions provided to its customers, which include utilities, industries, channel partners and original equipment manufacturers.

**Robotics and Motion segment (RM)** provides products, solutions and related services that increase industrial productivity and energy efficiency. Its motors, generators, drives and robotics provide power, motion and control for a wide range of automation applications.

**Electrification Products segment (EP)** provides technology across the full electrical value chain from substation to the point of consumption, enabling safer and more reliable power. A range of digital and connected innovations for low- and medium-voltage, including EV infrastructure, solar inverters, modular substations, distribution automation, power protection, wiring accessories, switchgear, enclosures, cabling, sensing and control.

**Industrial Automation segment (IA)** provides products, systems and services designed to optimize the productivity of industrial processes. Solutions include turnkey engineering, control systems, measurement products, life cycle services, outsourced maintenance and industry specific products. The industries served include oil and gas, power, chemicals and pharmaceuticals, pulp and paper, metals and minerals, marine and turbocharging.

**Power Grids segment (PG)** offers power and automation products, systems, service and software solutions across the generation, transmission and distribution value chain. Its portfolio includes grid integration, transmission, distribution and automation solutions and a complete range of high voltage products and transformers.

**ii)** The accounting policies used in the preparation of the financial statements of the Company are also applied for segment reporting.

**iii)** Segment revenues, expenses, assets and liabilities are those, which are directly attributable to the segment or are allocated on an appropriate basis. Corporate and other revenues, expenses, assets and liabilities to the extent not allocable to segments are disclosed in the reconciliation of reportable segments with the financial statements.

**iv) Inter segment transfer pricing**

Inter segment prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks, within an overall optimization objective for the Company.

- v) Power Grids segment (PG) is considered as discontinued operation and held for sale. Information about the discontinued operation is provided in Note. 32.

**vi) Segment Information**

(Figures in brackets are in respect of the previous year)

Composition of business segments	(₹ in Crores)				
	Power Grids (Discontinued)	Robotics and Motion	Electrification Products	Industrial Automation	Total
External sales (refer note no. 44)	<b>4,117.03</b> (3,037.71)	<b>2,359.65</b> (1,836.83)	<b>2,459.50</b> (2,277.88)	<b>1,487.46</b> (1,364.44)	<b>10,423.64</b> (8,516.86)
Inter segment sales	<b>49.95</b> (41.26)	<b>135.29</b> (90.44)	<b>119.48</b> (129.40)	<b>47.88</b> (41.47)	<b>352.60</b> (302.57)
Other operating revenue	<b>54.74</b> (49.90)	<b>7.25</b> (8.66)	<b>37.09</b> (31.80)	<b>4.68</b> (3.27)	<b>103.76</b> (93.63)
Segment revenues	<b>4,221.72</b> (3,128.87)	<b>2,502.19</b> (1,935.93)	<b>2,616.07</b> (2,439.08)	<b>1,540.02</b> (1,409.18)	<b>10,880.00</b> (8,913.06)
Segment results	<b>421.90</b> (307.99)	<b>220.52</b> (162.77)	<b>249.58</b> (281.18)	<b>189.93</b> (170.03)	<b>1,081.93</b> (921.97)
Segment assets	<b>2,802.22</b> (2,511.42)	<b>1,103.53</b> (1,005.43)	<b>1,471.61</b> (1,222.52)	<b>1,057.93</b> (957.15)	<b>6,435.29</b> (5,696.52)
Segment liabilities	<b>2,122.74</b> (1,897.44)	<b>827.41</b> (710.61)	<b>846.49</b> (698.15)	<b>692.07</b> (619.93)	<b>4,488.71</b> (3,926.13)
Depreciation / amortisation	<b>53.02</b> (56.74)	<b>17.70</b> (16.87)	<b>31.43</b> (31.67)	<b>5.31</b> (5.13)	<b>107.46</b> (110.41)

**vii) Reconciliation of reportable segments with the financial statements**

	(₹ in Crores)			
	Revenues	Results / Net profit	Assets	Liabilities
Total segments	<b>10,880.00</b> (8,913.06)	<b>1,081.93</b> (921.97)	<b>6,435.29</b> (5,696.52)	<b>4,488.71</b> (3,926.13)
Power grids (Discontinued)	<b>4,221.72</b> (3,128.87)	<b>421.90</b> (307.99)		
Corporate - unallocated (net)	<b>384.44</b> (805.87)	<b>(210.99)</b> (222.91)	<b>2,641.61</b> (3,191.53)	<b>580.87</b> (1,355.03)
Inter segment sales	<b>352.60</b> (302.57)	- (-)	- (-)	- (-)
Interest expense	- (-)	<b>(53.90)</b> (57.24)	- (-)	- (-)
Provision for tax	- (-)	<b>(140.95)</b> (108.35)	- (-)	- (-)
As per financial statements	<b>6,690.12</b> (6,287.49)	<b>254.19</b> (225.48)	<b>9,076.90</b> (8,888.05)	<b>5,069.58</b> (5,281.16)

**b) Composition of geographical segments**

	(₹ in Crores)		
	India	Rest of world	Total
Segment revenues	5,848.95	841.17	6,690.12
	(5,593.75)	(693.74)	(6,287.49)
Segment non-current assets*	1,147.94	-	1,147.94
	(1,546.20)	(-)	(1,546.20)

\* Non current assets does not include deferred tax assets, financial instruments and non-current tax assets.

No customer individually accounted for more than 10% of the revenues from the continuing operations in the year ended December 31, 2018 and 2017.

**42 Related party disclosures****a) Parent Company****Party where control exists:**

ABB Limited, Zurich, Switzerland (Ultimate Holding Company)

ABB Asea Brown Boveri Limited, Zurich, Switzerland (Holding Company)

**Entities under common control****Name of the Fellow subsidiaries:**

ABB (Asea Brown Boveri), S.A., Oeiras, Portugal	ABB DATONG Traction Transformers Co., Ltd., Datong, China
ABB (China) Ltd., Beijing, China	ABB Dutch L.P. Inc., Wilmington, DE, United States of America
ABB (Hong Kong) Ltd., Hong Kong, Hong Kong	ABB Ecuador S.A., Quito, Ecuador
ABB (Namibia) (Pty) Ltd., Windhoek, Namibia	ABB Electrical Control Systems S. de R.L. de C.V., Monterrey, Mexico
ABB (P.J.S.C.), Teheran, Islamic Republic of Iran	ABB Electrical Equipment (Xiamen) Co., Ltd., Xiamen, China
ABB (Private) Ltd., Harare, Zimbabwe	ABB Electrical Equipment Ltd., Lipetsk, Russian Federation
ABB (Pty) Ltd., Gaborone, Botswana	ABB Electrical Industries Co. Ltd., Riyadh, Saudi Arabia
ABB (Pvt) Ltd., Lahore, Pakistan	ABB Electrical Machines Ltd., Shanghai, China
ABB A/S, Skovlunde, Denmark	ABB Electrical Products (Shanghai) Co., Ltd, Shanghai, China
ABB AB, Västerås, Sweden	ABB Electrification Solutions, S.L.U., Barcelona, Spain
ABB AG, Mannheim, Germany	ABB Elektrik Sanayi A.S., Istanbul, Turkey
ABB AG, Vienna, Austria	ABB Engg. Technologies Co. (KSCC), Safat, Kuwait
ABB Algeria SpA Asea Brown Boveri, Hydra, Algeria	ABB Engineering (Shanghai) Ltd., Shanghai, China
ABB Algerie Produits SpA, Hydra, Algeria	ABB Engineering Trading and Service Ltd., Budapest, Hungary
ABB AS, Billingstad, Norway	ABB Enterprise Software Inc., Atlanta, GA, United States of America
ABB AS, Jüri, Estonia	ABB Enterprise Software Pty Ltd, Brisbane, Queensland, Australia
ABB Augat Europe LLC, Wilmington, DE, United States of America	ABB Enterprise Software UK Limited, Woking, United Kingdom
ABB Ausbildungszentrum Berlin gGmbH, Berlin, Germany	ABB EPT Management Pty Limited, Moorebank, NSW, Australia
ABB Australia Pty Limited, Moorebank, NSW, Australia	ABB Equipo de Control Y Distribucion S. de R.L. de C.V., Mexico, Mexico
ABB Automation GmbH, Mannheim, Germany	ABB Equity Limited, Zurich, Switzerland
ABB Automation Ltd., Warrington, United Kingdom	ABB Equity Ventures B.V., Amsterdam, Netherlands
ABB Automation Products GmbH, Ladenburg, Germany	ABB Finance (Australia) Pty Limited, Moorebank, NSW, Australia
ABB Avangard AD, Sevlievo, Bulgaria	ABB Finance (USA) Inc., Wilmington, DE, United States of America
ABB B.V., Rotterdam, Netherlands	ABB Finance B.V., Rotterdam, Netherlands
ABB Bailey Beijing Engineering Co. Ltd., Beijing, China	ABB Financial Services AB, Västerås, Sweden
ABB Bailey Japan Limited, Shizuoka-Ken, Japan	ABB Finanz AG, Zurich, Switzerland
ABB Bailey Pte. Ltd., Singapore, Singapore	ABB for Electrical Industries (ABB ARAB) S.A.E., Cairo, Egypt
ABB Beijing Drive Systems Co. Ltd., Beijing, China	ABB For Feeding Industries SAE, 10th of Ramadan City, Egypt
ABB Beteiligungs- und Verwaltungsges. mbH, Mannheim, Germany	ABB France, Cergy Pontoise, France
ABB Beteiligungsgesellschaft mbH, Mannheim, Germany	ABB FZ-LLC, Dubai, United Arab Emirates
ABB Beteiligungs-Management GmbH, Mannheim, Germany	ABB Generators Ltd., Nanchang, China
ABB Bulgaria EOOD, Sofia, Bulgaria	ABB Genway Xiamen Electrical Equipment Co. Ltd., Xiamen, China
ABB Business Services GmbH, Heidelberg, Germany	ABB Global Industries and Services Private Limited, Bangalore, India
ABB Business Services Sp. z o.o., Warsaw, Poland	ABB Global Marketing FZ LLC, Dubai, United Arab Emirates
ABB Canada Holding Limited Partnership, Saint-Laurent, Quebec, Canada	ABB gomtec GmbH, Seefeld, Germany
ABB Capital B.V., Rotterdam, Netherlands	ABB Group Holdings Pty. Ltd., Moorebank, NSW, Australia
ABB Chongqing Transformer Company Ltd., Chongqing, China	ABB Group Investment Management Pty. Ltd., Moorebank, NSW, Australia
ABB Combined Heat and Power Ltd., Warrington, United Kingdom	ABB Guangdong Sihui Instrument Transformer Co. Ltd., Sihui, China
ABB Construction (ABACON) S.A.E., Heliopolis, Egypt	ABB Hangzhou Winmation Automation Company Limited, Hangzhou, China
ABB Contracting Company Ltd., Riyadh, Saudi Arabia	ABB Hefei Transformer Co. Ltd., Hefei, China
ABB Contractor Technology LLC., Wilmington, DE, United States of America	ABB High Voltage Switchgear (Xiamen) Company Ltd., Xiamen, China
ABB d.o.o., Belgrade, Serbia	ABB High Voltage Switchgear Co., Ltd. Beijing, Beijing, China

ABB Holding AS, Billingstad, Norway  
 ABB Holdings (Pty) Ltd., Longmeadow, South Africa  
 ABB Holdings B.V., Rotterdam, Netherlands  
 ABB Holdings Inc., Cary, NC, United States of America  
 ABB Holdings Limited, Warrington, United Kingdom  
 ABB Holdings Pte. Ltd., Singapore, Singapore  
 ABB Holdings Sdn. Bhd., Subang Jaya, Malaysia  
 ABB Ihracat Ticaret Ve Elektrik Sanayi AS, Istanbul, Turkey  
 ABB Immobilien AG, Baden, Switzerland  
 ABB Import & Export Services Ltd., Oranjestad/Aruba (NA), Aruba  
 ABB Immobilien und Projekte GmbH, Ladenburg, Germany  
 ABB Inc., Cary, NC, United States of America  
 ABB Inc., Saint-Laurent, Quebec, Canada  
 ABB Industrial and Building Syst. Sdn. Bhd., Subang Jaya, Malaysia  
 ABB Industrial Connections and Solutions Produtos, Equipamentos e Servicos para Eletrificacao Ltda., Contagem, Brazil  
 ABB Industrial Contracting Sdn. Bhd., Subang Jaya, Malaysia  
 ABB Industrial Solutions (Australia) Pty Ltd, Burnley, Victoria, Australia  
 ABB Industrial Solutions (Belgium) BVBA, Gent, Belgium  
 ABB Industrial Solutions (Bielsko-Biala) Sp. zoo, Bielsko-Biala, Poland  
 ABB Industrial Solutions (Canada) Inc., Burlington, Ontario, Canada  
 ABB Industrial Solutions (Finland) Oy, Helsinki, Finland  
 ABB Industrial Solutions (France) SAS, Boulogne-Billancourt, France  
 ABB Industrial Solutions (Klodzko) Sp.z.o.o., Klodzko, Poland  
 ABB Industrial Solutions (Lodz) S.A., Lodz Lodzkie, Poland  
 ABB Industrial Solutions (Switzerland) SA, Riazzino, Switzerland  
 ABB Industries (L.L.C.), Dubai, United Arab Emirates  
 ABB Industries FZ, Dubai, United Arab Emirates  
 ABB Information Systems Ltd., Zurich, Switzerland  
 ABB Installációs Készülékek Kft., Kecskemét, Hungary  
 ABB Installation Materials (East Asia) Pte. Ltd., Singapore, Singapore  
 ABB Installation Productions Mexico LLC, Wilmington, DE, United States of America  
 ABB Installation Products Caribe Corp., Wilmington, DE, United States of America  
 ABB Installation Products Caribe LLC, Vega Baja, PR, Puerto Rico  
 ABB Installation Products Division Mexico, S. de R.L. de C.V., Monterrey Mexico, Mexico  
 ABB Installation Products Europe Inc, Wilmington, DE, United States of America  
 ABB Installation Products Inc, Memphis, TN, United States of America  
 ABB Installation Products International LLC., Wilmington, DE, United States of America  
 ABB Installation Products Limited, London, United Kingdom  
 ABB Installation Products Ltd., Saint-Jean-sur-Richelieu, Quebec, Canada  
 ABB Installation Products Monterrey, S. de R.L. de C.V., Monterrey Mexico, Mexico  
 ABB Installation Products Procesos De Manufactura, S. de R.L. de C.V., Monterrey Mexico, Mexico  
 ABB Instrumentation Ltd., Warrington, United Kingdom  
 ABB Instrumentation S.p.a. in liquidazione, Milan, Italy  
 ABB International Holding C.V., Rotterdam, Netherlands  
 ABB International Marketing Ltd in liquidation, Zurich, Switzerland  
 ABB Intra AG, Baden, Switzerland  
 ABB Investment Holding GmbH, Zurich, Switzerland  
 ABB Investments (Pty) Ltd, Modderfontein, South Africa  
 ABB Investments B.V., Rotterdam, Netherlands  
 ABB Investments Ltd., Warrington, United Kingdom  
 ABB Inzeniring d.o.o., Ljubljana, Slovenia  
 ABB Jiangjin Turbo Systems Company Limited, Chongqing, China  
 ABB Jiangsu Jingke Instrument Transformer Co., Ltd., Suqian, Jiangsu, China  
 ABB K.K., Tokyo, Japan  
 ABB Kaufel GmbH, Berlin, Germany  
 ABB Lafrenze Property Limited, Windhoek, Namibia  
 ABB Limitada, Maputo, Mozambique  
 ABB Limited, Auckland, New Zealand  
 ABB LIMITED, Bangkok, Thailand  
 ABB Limited, Dar Es Salaam, United Republic of Tanzania  
 ABB Robotics Machine Tending Limited , Rayong Province, Thailand  
 ABB Limited, Dublin, Ireland  
 ABB Limited, Nairobi, Kenya  
 ABB Limited, Warrington, United Kingdom  
 ABB Limited/Jordan LLC., Amman, Jordan  
 ABB Lineage Power Mexico, S. de R.L. de C.V., Mexico, Mexico  
 ABB LLC, Doha, Qatar  
 ABB LLC, Muscat, Oman  
 ABB LLP., Almaty, Kazakhstan  
 ABB Logistics Center Europe GmbH, Menden, Germany  
 ABB Ltd., Hanoi, Viet Nam  
 ABB Ltd., Kampala, Uganda  
 ABB Ltd., Kiev, Ukraine  
 ABB Ltd., Lusaka, Zambia  
 ABB Ltd., Moscow, Russian Federation  
 ABB Ltd., Republic of Seoul, Korea  
 ABB Ltd., Taipei, Taiwan, Province of China  
 ABB Ltd., Zagreb, Croatia  
 ABB Ltda., Bogotá, Colombia  
 ABB Ltda., São Paulo, Brazil  
 ABB LV Installation Materials Co. Ltd. Beijing, Beijing, China  
 ABB Maghreb Services S.A., Tunis, Tunisia  
 ABB Malaysia Sdn Bhd., Subang Jaya, Malaysia  
 ABB Management Holding Ltd., Zürich, Switzerland  
 ABB Management Services Ltd., Zurich, Switzerland  
 ABB Mexico S.A. de C.V., San Luis Potosi SLP, Mexico  
 ABB Motion Limited, Bristol, United Kingdom  
 ABB Motors & Mechanical (Canada) Inc., Saint-Laurent, Quebec, Canada  
 ABB Motors and Mechanical Inc, Fort Smith, AR, United States of America  
 ABB N.V., Zaventem, Belgium  
 ABB Near East Trading Ltd., Amman, Jordan  
 ABB Norden Holding AB, Västerås, Sweden  
 ABB OGP LIMITED, Lagos, Nigeria  
 ABB Operations Center Ltd., Kaliningrad, Russian Federation  
 ABB Oryx Motors and Generators Service LLC, Doha, Qatar  
 ABB Oy, Helsinki, Finland  
 ABB Patent GmbH, Ladenburg, Germany  
 ABB Petroleum Technology S.A.E., Cairo, Egypt  
 ABB Power & Automation (Private) Limited, Lahore, Pakistan  
 ABB Power & Automation Limited, Accra, Ghana  
 ABB Power and Automation Systems Ltd., Cheboksary, Russian Federation  
 ABB Power Electronics (Germany) GmbH, Unterhaching, Germany  
 ABB Power Electronics (Singapore) Pte. Ltd., Singapore, Singapore  
 ABB Power Protection II LLC., Wilmington, DE, United States of America  
 ABB Power Protection LLC, Wilmington, DE, United States of America  
 ABB Power Protection SA, Gambarogno, Switzerland  
 ABB Power T&D Ltd., Aberdeen, United Kingdom  
 ABB Pte. Ltd., Singapore, Singapore  
 ABB Reinsurance AG, Zurich, Switzerland  
 ABB Research Ltd., Zurich, Switzerland  
 ABB Robotics (Zhuhai) Ltd, Zhuhai, China  
 ABB S.A. (in Liquidation), Luxembourg, Luxembourg  
 ABB Limited, Dhaka, Bangladesh  
 ABB S.A., Buenos Aires, Argentina  
 ABB S.A., Casablanca, Morocco  
 ABB S.A., Lima, Peru  
 ABB S.A., Panama, Panama  
 ABB S.A., Santiago, Chile  
 ABB S.p.A., Milan, Italy  
 ABB s.r.o., Prague, Czech Republic  
 ABB SARL, Kinshasa Gombe, Democratic Republic of the Congo  
 ABB SAS, Cergy Pontoise, France  
 ABB SAS, New Caledonia, New Caledonia  
 ABB Schweiz AG, Baden, Switzerland  
 ABB Sécheron S.A., Satigny, Switzerland  
 ABB Service Limited, Warrington, United Kingdom

ABB Service Pty Ltd., Moorebank, NSW, Australia  
 ABB Shanghai Free Trade Zone Industrial Co., Ltd., Shanghai, China  
 ABB Shanghai Motors Co. Ltd., Shanghai, China  
 ABB Shanghai Power System Engineering Co., Ltd., Shanghai, China  
 ABB Shanghai Transformer Co. Ltd., Shanghai, China  
 ABB Shenzhen New Energy System Co., Ltd., Shenzhen, China  
 ABB SIA, Riga, Latvia  
 ABB Sifang Power System Co. Ltd., Beijing, China  
 ABB Silver Star Shenzhen Surge Arrestor Co., Ltd., Guangdong, China  
 ABB Solar GmbH, Emmendingen, Germany  
 ABB Sole Company Limited, Vientiane, Lao People's Democratic Republic  
 ABB South Africa (Pty) Ltd., Longmeadow, South Africa  
 ABB Sp. z o.o., Warsaw, Poland  
 ABB SRL, Bucharest, Romania  
 ABB Stotz-Kontakt GmbH, Heidelberg, Germany  
 ABB Striebel & John GmbH, Sasbach, Germany  
 ABB Substations Contracting (Thailand) Ltd., Bangkok, Thailand  
 ABB Substations Contracting India Private Limited, Bengaluru, India  
 ABB Supply Operations Ltd., Baden, Switzerland  
 ABB Susa Inc., Cary, NC, United States of America  
 ABB TBC88 Ltd, Zurich, Switzerland  
 ABB Technologies Ltd., Haifa, Israel  
 ABB Technologies S.A., Dakar, Senegal  
 ABB Technologies W.L.L., Bahrain, Bahrain  
 ABB Technology Oy, Helsinki, Finland  
 ABB Technology SA, Abidjan, Cote d'Ivoire  
 ABB Tecnologias S.A. de C.V., San Luis Potosi, Mexico  
 ABB Tianjin Switchgear Co., Ltd., Tianjin, China  
 ABB Training Center GmbH & Co. KG, Heidelberg, Germany  
 ABB Transformers S.A.E., El-Nozha El-Gedida, Egypt  
 ABB Transmission & Distribution Limited LLC, Abu Dhabi, United Arab Emirates  
 ABB Treasury Center (USA), Inc., Wilmington, DE, United States of America  
 ABB Turbo Systems (Hong Kong) Limited, Hong Kong  
 ABB Turbo Systems AG, Baden, Switzerland  
 ABB Turbo Systems Holding Ltd., Baden, Switzerland  
 ABB Turbochargers S.A.E., Suez, Egypt  
 ABB UAB, Avizieniai, Lithuania  
 ABB Unterstützungseinrichtung GmbH in Mannheim, Mannheim, Germany  
 ABB Verwaltungs AG, Zurich, Switzerland  
 ABB Wirtschaftsbetriebe GmbH, Mannheim, Germany  
 ABB S.A. de CV, San Salvador, El Salvador  
 ABB Xiamen Corporation Management Service Co., Ltd., Xiamen, China  
 ABB Xiamen Electrical Controlgear Co. Ltd., Xiamen, China  
 ABB Xiamen Low Voltage Equipment Co. Ltd., Xiamen, China  
 ABB Xiamen Switchgear Co. Ltd., Xiamen, China  
 ABB Xi'an Power Capacitor Company Limited, Xi'an, China  
 ABB Xinhui Low Voltage Switchgear Co. Ltd., Xinhui, China  
 ABB Zhongshan Transformer Company Ltd., Zhongshan, China  
 ABB, Inc., Paranaque, Metro Manila, Philippines  
 ABB, s.r.o., Bratislava, Slovakia  
 ABBNG Limited, Lagos, Nigeria  
 Acosense AB, Gothenburg, Sweden  
 Aker Arctic Technology Oy, Helsinki, Finland  
 Aktiebolaget Rotech, c/o ABB AB, 721 83 Västerås, Sweden  
 Ambi-Rad Beijing Co. Limited, London, United Kingdom  
 Ambi-Rad Energy Ltd., London, United Kingdom  
 Apisoi Service S.p.A. in liquidazione, Falconara Marittima, Italy  
 Aquamarine Power Inc., Edinburgh, United Kingdom  
 Arkad-ABB S.p.A., Milan, Italy  
 ASEA AB, Västerås, Sweden  
 Asea Brown Boveri Electrica SGPS (Angola) Limitada, Luanda, Angola  
 Asea Brown Boveri Holding Ltd., Bangkok, Thailand  
 Asea Brown Boveri Industrial, Technical & Commercial Company of Imports – Exports S.A., Metamorphosis Attica, Greece  
 Asea Brown Boveri Lanka (Private) Limited, Colombo, Sri Lanka  
 Asea Brown Boveri LLC, Minsk, Belarus  
 Asea Brown Boveri Ltd., Moka, Mauritius  
 Asea Brown Boveri Ltda., La Paz, Plurinational State of Bolivia  
 Asea Brown Boveri S.A. de C.V., San Luis Potosi SLP, Mexico  
 Asea Brown Boveri S.A., Caracas, Bolivarian Republic of Venezuela  
 Asea Brown Boveri S.A., Douala, Cameroon  
 Asea Brown Boveri S.A., Madrid, Spain  
 Asea Brown Boveri S.A.E., Cairo, Egypt  
 Asmaco Inc., Paranaque, Metro Manila, Philippines  
 Automata Technologies Limited, London, United Kingdom  
 B & R Automazione Industriale S.r.l., Passirana di Rho (Mi), Italy  
 B & R Industrial Automation Ltd., Peterborough, United Kingdom  
 B&R Automação Industrial Ltda., Campinas, Brazil  
 B&R Automation Industrielle SARL, Saint-Priest, France  
 B&R automatizace, spol. s.r.o., Brno, Czech Republic  
 B&R Automatyka Przemyslowa Sp.z.o.o., Poznan, Poland  
 B&R Holding GmbH, Eggelsberg, Austria  
 B&R Industrial Automation (China) Co., Ltd., Shanghai, China  
 B&R Industrial Automation Co., Ltd., Anyang-si, Republic of Korea  
 B&R Industrial Automation Corp., Roswell, GA, United States of America  
 B&R Industrial Automation GmbH, Eggelsberg, Austria  
 B&R Industrial Automation Iberica S.L., Sant Cugat del Vallès, Spain  
 B&R Industrial Automation Inc., Mississauga, Canada  
 B&R Industrial Automation K.K., Yokohama, Japan  
 B&R Industrial Automation Pte. Ltd., Singapore, Singapore  
 B&R Industrial Automation Pvt. Ltd., Pune, India  
 B&R Industrial Automation, OOO, Moscow, Russian Federation  
 B&R Industriautomation AB, Malmö, Sweden  
 B&R Industriautomatisering A/S, Odense, Denmark  
 B&R Industrie-Automation AG, Frauenfeld, Switzerland  
 B&R Industrie-Elektronik GmbH, Bad Homburg, Germany  
 B&R Industriële Automatisering B.V., Breda, Netherlands  
 Babcock Australia Pty Limited, Moorebank, NSW, Australia  
 Basic Incorporated, Norwalk, CT, United States of America  
 BR Endüstriyel Otomasyon Sanayi ve Ticaret Limited Sirketi, Istanbul, Turkey  
 Busch-Jaeger Elektro GmbH, Lüdenscheid, Germany  
 Cable Management Products Ltd., London, United Kingdom  
 Camelot IS-2 International, Inc. D/B/A Skyva International, Wickliffe, United States of America  
 Cherokee India Pvt. Ltd., Mumbai, India  
 China Environment Fund IV LP, Beijing, China  
 Chongqing XiTong Electric Co., Ltd., Chongqing, China  
 Citeq Inc., St. Laurent, Quebec, Canada  
 ClearSky Power & Technology Fund I International Ltd., Florida, United States of America  
 Colinx, LLC, Crossville, TN, United States of America  
 Combustion Engineering Inc., Norwalk, CT, United States of America  
 Congruent Ventures GP, LLC, San Francisco, United States of America  
 Consenec AG, Baden, Switzerland  
 Daewoo Power India Ltd., New Delhi, India  
 Drilling Technical Supply S.A., BRY SUR MARNE, France  
 Dynamotive Limited, Warrington, United Kingdom  
 Edison Holding Corporation, Wilmington, DE, United States of America  
 EIE 2 AS, Billingstad, Norway  
 Elastimold Egypt JV, New Cairo, Egypt  
 Electrical Materials Center Co. Ltd, Riyadh, Saudi Arabia  
 Emerald Cleantech Fund III LP, St. Peter's Port, Guernsey  
 G2VP LLC, Menlo Park, California, United States of America  
 GE Power Electronics, Inc., Cary, NC, United States of America  
 GE Zenith Controls, Inc., Cary, NC, United States of America  
 Gratte Barrett & Wright Ltd., London, United Kingdom  
 Great Pond Village, LLC, Concord, MA, United States of America  
 Hartmann & Braun Grundstücksverwaltungs GmbH, Mannheim, Germany  
 Hitachi ABB HVDC Technologies, Ltd, Tokyo, Japan  
 IMV (Deutschland) GmbH, Neumunster, Germany  
 IMV Invertomatic Victron UK Limited, Leicester, United Kingdom  
 IMV Nederlands B.V., Amstelveen, Netherlands

Industrial C&S Germany GmbH, Frankfurt Am Main, Germany  
 Industrial C&S GmbH, Vienna, Austria  
 Industrial C&S Hungary Kft., Budapest, Hungary  
 Industrial C&S Italy S.r.l., Agrate Brianza, Italy  
 Industrial C&S of P.R. LLC, San Juan, Puerto Rico  
 Industrial Connections & Solutions LLC, Cary, NC, United States of America  
 Industrial Connections & Solutions LLC, Delaware, United States of America  
 Industrial Connections of SA Pty. Ltd., Sandton, South Africa  
 Industriqompetens Västra Mälardalen, Skultuna, Sweden  
 Intermagnetics Srl, Milan, Italy  
 Intrimmo BVBA, Huizingen, Belgium  
 Intrion BV, Hillegom, Netherlands  
 PT ABB Batam, Batam, Indonesia  
 PT ABB Jasa Indonesia, Jakarta, Indonesia  
 PT ABB Sakti Industri, Jakarta, Indonesia  
 Iraq Technology for Advanced Energy LLC, Baghdad, Iraq  
 Italtrasfo Srl in liquidazione, Milan, Italy  
 Kaufel S.A., Piffonds, France  
 KEC Acquisition Corporation, Versailles, KY, United States of America  
 Kent Meters (Thailand) Ltd., Bangkok, Thailand  
 Kheops PVT Limited, London, United Kingdom  
 Kuhlman Electric Corporation, Crystal Springs, MS, United States of America  
 Lamson & Sessions, Ltd., Toronto, Ontario, Canada  
 LCP-Life Cycle Profit AB, Västerås, Sweden  
 Lineage Overseas LLC, Delaware, United States of America  
 Lineage Power (Argentina) S.R.L., Buenos Aires, Argentina  
 Lineage Power (Luxembourg) S.A.R.L., Luxembourg, Luxembourg  
 Lineage Power China Co. Ltd., Shanghai, China  
 Lineage Power Holdings, Inc., Delaware, United States of America  
 Lineage Power Matamoros, S.A. de C.V., Tamaulipas, Mexico  
 Local Consolidation Entries (Germany), Mannheim, Germany  
 Maska Power Transmission (Changzhou) Co.Ltd., Changzhou, China  
 Mincom Inc Ltd, Hong Kong, Hong Kong  
 Mincom Inc, Manila, Philippines  
 Mincom International (Thailand) Ltd, Bangkok, Thailand  
 Mincom Professional Services Pty Ltd, Brisbane, Queensland, Australia  
 Monterrey Power, S.A. de C.V., Mexico, Mexico  
 mozaik operations GmbH, Muenchen, Germany  
 Nanjing SAC Automation Co. Ltd., Jiangsu, China  
 Newave Electronics SRL in Liquidazione, Milan, Italy  
 Newave Energy India Private Ltd., Mumbai, India  
 Northern Magnetics Inc., Fort Smith, AR, United States of America  
 Odink & Koenderink B.V., Haaksbergen, Netherlands  
 Oy Merinova Ab, Vaasa, Finland  
 Oy Wedeco Ab, Vaasa, Finland  
 Parking Neu-Oerlikon AG, Zurich, Switzerland  
 PMA Italia S.R.L. in liquidazione, Paderno Dugnano (MI), Italy  
 Power Asset Development Company Ltd., London, United Kingdom  
 Power Controls Egypt, Cairo, Egypt  
 Power-One Energy Solutions Sdn Bhd, Kuala Lumpur, Malaysia  
 Power-One Italy S.p.A., Terranuova Bracciolini (AR), Italy  
 Power-One Renewable Energy International, B.V., Rotterdam, Netherlands  
 Power-One Renewable Energy Solutions Asia Pacific LLC, Wilmington, DE, United States of America  
 Power-One Renewable Energy Solutions India Private Limited, Mumbai, India  
 Power-One Renewable Energy Solutions Israel Ltd., Hifa, Israel  
 Power-One Renewable Energy Solutions LLC, Wilmington, DE, United States of America  
 Power-One Renewable Energy Solutions South Africa Pty. Ltd., Cape Town, South Africa  
 Power-One, Inc, Wilmington, DE, United States of America  
 Powertel India Pvt. Ltd., Mumbai, India  
 Presize NV, Huizingen, Belgium  
 Productos de Control S. de R.L. de C.V., Nogales, Mexico  
 PT ABB Bailey, Jakarta, Indonesia  
 Pucaro Elektro-Isolierstoffe GmbH, Roigheim, Germany  
 PWO Holdings B.V., Rotterdam, Netherlands  
 Reliance Electric Company, Fort Smith, AR, United States of America  
 REXEL Arabia Electrical Supplies LLC, Riyadh, Saudi Arabia  
 Saudi Industrial Solutions Ltd., Riyadh, Saudi Arabia  
 Saudi SAE Technical Construction Co. Ltd., Riyadh, Saudi Arabia  
 Shanghai ABB Breakers Co., Ltd., Shanghai, China  
 Shanghai ABB Guandong Electric Co., Ltd., Shanghai, China  
 Shanghai ABB Power Transmission Company Ltd., Shanghai, China  
 Shantou Winride Switchgear Co., Ltd., Longhu District Shantou, China  
 Solum Grundstücks-vermietungsges. mbH & Co. Objekt Dresden KG, Duesseldorf, Germany  
 Sucursal Panama de ABB SA, Panama, Panama  
 SynerLeap powered by ABB AB, Västerås, Sweden  
 Thomas & Betts (Australasia) Pty. Ltd., Lidcombe, NSW, Australia  
 Thomas & Betts Asia (Singapore) Pte. Ltd., Singapore, Singapore  
 Thomas & Betts European Centre S.A., Houdeng Goegnies, Belgium  
 Thomas & Betts Italy Sales S.r.l in liquidazione, Milan, Italy  
 Thomas & Betts Saudi Arabia Limited Liability Co., Dammam, Saudi Arabia  
 Trasfor SA, Monteggio, Switzerland  
 Turbo Systems United Co. Ltd., Tokyo, Japan  
 UK Power Networks Services Powerlink Limited, London, United Kingdom  
 Västerås Science Park AB, Västerås, Sweden  
 Ventyx (Pty) Ltd, Lombardy East, Gauteng, South Africa  
 Ventyx Data Services South Africa (Proprietary) Limited, Gauteng, South Africa  
 Ventyx Dutch Holdings B.V., Amsterdam, Netherlands  
 Ventyx International Pty Ltd, Brisbane, Queensland, Australia  
 Ventyx Managed Services Pty Ltd, Brisbane, Queensland, Australia  
 Ventyx Pty Ltd, Luton, Bedfordshire, United Kingdom  
 Ventyx Services Pty Ltd, Luton, Bedfordshire, United Kingdom  
 Ventyx Shared Services (Malaysia) Sdn Bhd, Kuala Lumpur, Malaysia  
 Verdi Holding Corporation, Wilmington, DE, United States of America  
 W.J. Furse & Co. Ltd., London, United Kingdom  
 Westly Capital Partners Fund III, L.P., Menlo Park, CA 94025, United States of America  
 Winfield Business Park, LLC, Windsor, CT, United States of America  
 Yangzhou SAC Switchgear Co., Ltd, Yangzhou, China

## Key Managerial Personnel :

### (a) Managing Director

### (b) Non-Executive cum Independent Directors

### (c) Non-Executive Directors

### (d) Chief Financial Officer

### (e) Company Secretary

Sanjeev Sharma

Nasser Munjee

Darius E. Udewadia

Renu Sud Karnad

Frank Duggan (upto February 8, 2018)

J C Deslarzes (w.e.f February 8, 2018)

Tarak Mehta

T. K. Sridhar

B. Gururaj

	(₹ in Crores)	
	2018	2017
<b>b) Transactions with related parties</b>		
Transaction value in excess of 10% with a fellow subsidiary has been individually disclosed below. All other cases have been grouped and disclosed as 'other fellow subsidiaries'.		
<b>i) Revenue from operations</b>		
Holding Company	8.25	10.34
Fellow Subsidiaries		
- ABB Schweiz AG, Baden, Switzerland	78.98	98.24
- Other fellow subsidiaries	852.68	733.78
	931.66	832.02
	939.91	842.36
<b>ii) Purchases of raw materials, components , project items and traded goods</b>		
Fellow Subsidiaries		
- ABB Oy, Helsinki, Finland	419.83	287.51
- ABB AB, Västerås, Sweden	319.50	159.04
- ABB Pte. Ltd., Singapore	241.19	183.98
- Other fellow subsidiaries	1,600.90	994.93
	2,581.42	1,625.46
<b>iii) Expenditure on ESAP charges</b>		
Fellow Subsidiaries		
- ABB ESAP Limited, St. Peters' Port, Guernsey	0.09	0.76
<b>iv) Expenditure on royalty, technology and trade-mark fees</b>		
Holding Company	112.75	101.31
Fellow Subsidiaries		
- ABB Schweiz AG, Baden, Switzerland	327.69	263.40
- Other fellow subsidiaries	16.41	21.90
	344.10	285.30
	456.85	386.61
<b>v) Expenditure on information technology, engineering, management and other services</b>		
Holding Company	12.33	14.15
Fellow Subsidiaries		
- ABB Information Systems Ltd., Zurich, Switzerland	136.48	89.46
- ABB Global Industries and Services Private Limited, Bengaluru, India	99.52	40.08
- ABB Management Services Ltd., Zurich, Switzerland	71.81	75.82
- Other fellow subsidiaries	111.24	95.46
	419.05	300.82
	431.38	314.97
<b>vi) Expenses recovered from group companies</b>		
Holding Company	-	0.20
Fellow Subsidiaries		
- ABB Substations Contracting India Private Limited, Bengaluru, India	13.99	-
- ABB AB, Västerås, Sweden	7.77	6.41
- ABB Management Services Limited, Zurich, Switzerland	7.76	2.98
- ABB Global Industries and Services Private Limited, Bengaluru, India	4.76	1.44
- ABB Schweiz AG, Baden, Switzerland	0.96	1.78
- Other fellow subsidiaries	11.30	4.66
	46.54	17.27
	46.54	17.47

	(₹ in Crores)	
	2018	2017
<b>vii) Capital expenditure for technical know-how</b>		
Fellow Subsidiaries		
- ABB Electrical Machines Ltd., Shanghai, China	-	0.71
	-	0.71
<b>viii) Other capital expenditure</b>		
Fellow Subsidiaries		
- ABB AS, Jüri, Estonia	4.50	1.92
- ABB Beijing Drive Systems Co. Ltd., Beijing, China	2.95	-
- ABB Schweiz AG, Baden, Switzerland	0.86	2.58
- ABB Global Industries and Services Private Limited, Bengaluru, India	1.80	0.18
- ABB AB, Västerås, Sweden	1.65	0.89
- Other fellow subsidiaries	3.74	1.65
	<b>15.50</b>	<b>7.22</b>
<b>ix) Interest Expenses</b>		
Fellow Subsidiaries		
- ABB Capital B.V., Rotterdam, Netherlands.	28.59	41.86
<b>x) Dividend paid during the year</b>		
Holding Company	64.41	58.55
Fellow Subsidiaries	5.52	5.02
	<b>69.93</b>	<b>63.57</b>
<b>xi) Repayment of borrowings</b>		
Fellow Subsidiaries		
- ABB Capital B.V., Rotterdam, Netherlands.	600.00	-
<b>xii) Remuneration to key managerial personnel</b>		
The remuneration of key management personnel and a relative of key management personnel of the company are set out below in aggregate for each of the categories specified in Ind AS 24 Related party disclosures		
<b>Particulars</b>		
Short term employee benefits	8.28	8.14
Post employment benefits#	0.39	0.36
Directors' Sitting fees	0.07	0.07
Commission to Directors	0.91	0.95
<b>Total</b>	<b>9.65</b>	<b>9.52</b>
# Does not include gratuity and compensated absences as these are provided in the books of accounts on the basis of actuarial valuation for the company as a whole and hence individual amount cannot be determined		
<b>xiii) Pursuant to discontinuance of EPC business pertaining to turn-key substations, the Company has sold the following to ABB Substations Contracting India Private Limited</b>		
(a) Current assets and liabilities (net) having carrying amount of ₹ 19.50 Crores for a consideration of ₹ 19.50 Crores		
(b) Revenue contracts for a consideration of ₹ 10.50 Crores		
<b>c) Amount due to / from related parties</b>		
Balances in excess of 10% with a fellow subsidiary has been individually disclosed below. All other cases have been grouped and disclosed as, other fellow subsidiaries.		
<b>i) Trade receivables</b>		
Holding Company	-	0.01
Fellow Subsidiaries		
- ABB Schweiz AG, Baden, Switzerland	16.52	23.58
- Other fellow subsidiaries	247.55	200.97
	<b>264.07</b>	<b>224.55</b>
	<b>264.07</b>	<b>224.56</b>
- Add/ (Less) : Impact of foreign currency restatement	<b>(2.61)</b>	<b>(0.36)</b>
	<b>261.46</b>	<b>224.20</b>



	(₹ in Crores)	
	2018	2017
<b>ii) Other financial assets</b>		
Holding Company	0.79	2.40
Fellow Subsidiaries		
- ABB Schweiz AG, Baden, Switzerland	9.79	16.48
- ABB Substations Contracting India Private Limited, Bengaluru, India	6.82	-
- ABB Global Industries and Services Private Limited, Bengaluru, India	3.15	7.19
- Other fellow subsidiaries	10.12	7.69
	<b>29.88</b>	<b>31.36</b>
	<b>30.67</b>	<b>33.76</b>
- Add/ (Less) :Impact of foreign currency restatement	<b>(0.02)</b>	<b>0.16</b>
	<b>30.65</b>	<b>33.92</b>
<b>iii) Other current assets</b>		
Fellow Subsidiaries		
- ABB Oy, Helsinki, Finland	8.23	14.06
- ABB Substations Contracting India Private Limited, Bengaluru, India	4.20	-
- ABB AB, Västerås, Sweden	2.17	13.98
- Other fellow subsidiaries	0.99	5.97
	<b>15.59</b>	<b>34.01</b>
- Add/ (Less) :Impact of foreign currency restatement	<b>0.20</b>	<b>(0.24)</b>
	<b>15.79</b>	<b>33.77</b>
<b>iv) Trade payables</b>		
Fellow Subsidiaries		
- ABB AB, Västerås, Sweden	190.82	236.96
- ABB Oy, Helsinki, Finland	129.78	87.59
- ABB Schweiz AG, Baden, Switzerland	97.23	85.82
- Other fellow subsidiaries	561.51	406.12
	<b>979.34</b>	<b>816.49</b>
- Add/ (Less) :Impact of foreign currency restatement	<b>(15.26)</b>	<b>(1.59)</b>
	<b>964.08</b>	<b>814.90</b>
<b>v) Other financial liabilities</b>		
Holding Company	49.47	25.81
Fellow Subsidiaries		
- ABB Global Industries and Services Private Limited, Bengaluru, India	17.37	18.81
- ABB Schweiz AG, Baden, Switzerland	1.07	21.58
- Other fellow subsidiaries	37.26	19.18
	<b>55.70</b>	<b>59.57</b>
	<b>105.17</b>	<b>85.38</b>
- Add/ (Less) :Impact of foreign currency restatement	<b>0.48</b>	<b>(0.06)</b>
	<b>105.65</b>	<b>85.32</b>
<b>vi) Other current liabilities</b>		
Fellow Subsidiaries		
- ABB Substations Contracting India Private Limited, Bengaluru, India	11.02	-
- ABB Schweiz AG, Baden, Switzerland	9.57	0.05
- ABB SRL, Bucharest, Romania	2.72	2.67
- ABB Industries FZ, Dubai, United Arab Emirates	1.10	2.01
- Other fellow subsidiaries	10.20	5.53
	<b>34.61</b>	<b>10.26</b>
- Add/ (Less) :Impact of foreign currency restatement	<b>0.06</b>	<b>(0.03)</b>
	<b>34.67</b>	<b>10.23</b>

	(₹ in Crores)	
	2018	2017
<b>vii) Interest accrued but not due</b>		
Fellow Subsidiaries		
- ABB Capital B.V., Rotterdam, Netherlands	-	3.16
<b>viii) Borrowings outstanding</b>		
Fellow Subsidiaries		
- ABB Capital B.V., Rotterdam, Netherlands	-	600.00

### Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

### 43 Construction contracts

	(₹ in Crores)	
	2018	2017
Contract revenue recognised for the financial year	<b>2,814.78</b>	2,223.18
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all the contracts in progress up to the reporting date	<b>9,323.04</b>	9,068.88
Amount of customer advances outstanding for contracts in progress	<b>435.34</b>	580.73
Amount of retentions due from customers for contracts in progress	<b>567.81</b>	656.47
Amount due from customers for contracts in progress	<b>662.21</b>	1,129.40
Amount due to customers for contracts in progress	<b>324.93</b>	203.63
Contingent liabilities and contingent assets	-	-

# Includes discontinued operations related.

**44** The Company is liable to Goods and Service Tax ('GST') with effect from 1st July 2017. The revenues for the period 1st July 2017 to 31st December 2017 and revenues for the year ended 31st December 2018 is exclusive of excise duty. However, revenues for the period 1st January 2017 to 30th June 2017 are inclusive of excise duty.

As per our report of even date attached  
For B S R & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No.: 101248W/W-100022

Amit Somani  
Partner  
Membership no.: 060154  
Bengaluru, March 1, 2019

For and on behalf of the Board  
J C Deslarzes (DIN-08064621)  
Sanjeev Sharma (DIN-07362344)  
Nasser Munjee (DIN-00010180)  
T. K. Sridhar  
B. Gururaj (FCS-2631)

Bengaluru, March 1, 2019

Chairman  
Managing Director  
Director  
Chief Financial Officer  
Company Secretary





**ABB India Limited**

21st Floor, World Trade Center

Brigade Gateway

No.26/1, Dr. Rajkumar Road

Malleswaram West

Bengaluru – 560 055

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**ABB India Limited**

CIN: L32202KA1949PLC032923

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No.26/1, Dr. Rajkumar Road, Malleshwaram West, Bengaluru – 560 055

Phone: +91 (80) 22949150 - 22949153; Fax: +91 (80) 22949148

Website: www.abb.co.in, E-mail: investor.helpdesk@in.abb.com

**ADDENDUM TO THE NOTICE OF THE  
69th ANNUAL GENERAL MEETING**

This Addendum to the Notice to the Members is issued in continuation to the Notice dated March 1, 2019 for convening of the 69th Annual General Meeting (AGM) of the Members of the Company scheduled to be held on Wednesday, May 8, 2019 at 11.00 a.m. at “Aura”, Taj Yeshwantpur, Bengaluru, 2275, Tumkur Road, Yeshwantpur, Bengaluru, 560 022 for making modifications to the Ordinary Resolution set out for the Item No. 4 of the above aforesaid Notice on page 31 of the Annual Report for the Financial Year 2018 already circulated to the Members. The modifications proposed to be carried out in the Resolution are highlighted in bold italics.

This Addendum to the Notice of the AGM shall form an integral part of the Notice dated March 1, 2019 circulated to the Members of the Company.

RESOLVED FURTHER THAT the Managing Director, Chief Financial Officer and Secretary of the Company be and are hereby severally authorized to do all acts, deeds and take such steps including but not restricted to execute, or authorize any person to execute all such documents, instruments and writings as may be considered proper or necessary or expedient to give effect to this resolution.”

By Order of the Board  
For ABB India Limited

Sd/-  
B Gururaj  
Company Secretary  
FCS-2631

Place: Bengaluru  
Date: April 30, 2019

**MODIFIED ORDINARY RESOLUTION  
SET OUT AT AGENDA ITEM NO. 4 OF  
THE NOTICE OF THE 69th AGM IS AS  
UNDER**

**Special Business:**

**Item No. 4 – Approve the Material Related Party  
Transaction**

To consider and, if thought fit, to give your assent or dissent to the following **Ordinary Resolution**:

“RESOLVED THAT pursuant to Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”) as amended from time to time, approval of the Members be and is hereby accorded for payment by the Company to ABB Schweiz AG, Baden, Switzerland, a related party as defined in the Companies Act 2013, with respect to royalty/license fee **during the Financial Year 2019 subject to such payment not exceeding 4% of the Company’s annual consolidated turnover of the audited financial statement for the Financial Year 2018.**

## **ADDENDUM TO THE STATEMENT OF MATERIAL FACTS FOR THE AMENDED RESOLUTION**

### **Item No. 4**

The Company reiterates that the proposed payment with respect to royalty / licence fee by the Company to ABB Schweiz AG, Baden, Switzerland a related party as envisaged in the first paragraph of the **Ordinary Resolution** at Item no. 4 on page 31 of the Notice dated March 1, 2019 is only **during the Financial Year 2019** and **NOT** in perpetuity, as a few Shareholders have conveyed to the Company it would appear to be.

In fact, the second paragraph of the Statement of Material Facts pertaining to Item No. 4 at page 36 expressly states this.

However, to set at rest any lingering doubt or misgiving on this score, namely, that the payment by the Company to the above related party envisaged in the **Ordinary Resolution** at Item 4 of the above Notice dated March 1, 2019 is **NOT** in perpetuity but only **during the Financial Year 2019**, it is proposed to slightly amend the first paragraph of the proposed Ordinary Resolution at the said Item No. 4 of the above Notice at page 31 in the manner and to the limited extent stated in the attached Addendum.

Accordingly, the proposed Ordinary Resolution at Item No.4 at page 31 of the Notice of AGM has been amended and shall be as set out in the Addendum to the Notice.

The Board of Directors recommend the proposed amended Ordinary Resolution as set out in the Addendum to the Notice of the AGM for approval of the Members.

None of the Directors or Key Managerial Personnel of the Company and or their relatives is concerned or interested, financially or otherwise, in the Ordinary Resolution set out in the addendum Notice.

By Order of the Board  
For ABB India Limited

Sd/-  
B Gururaj  
Company Secretary  
FCS-2631

Place: Bengaluru  
Date: April 30, 2019

Registered Office:  
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