REF:INABB:AGM:2018:AGM-COMPL:

May 10, 2018

BSE Limited
P.J. Towers
Dalal Street
Mumbai 400 001
DCS – CRD

National Stock Exchange of India Ltd.
Exchange Plaza, 5th floor
Plot No. C/1, G Block
Bandra-Kurla Complex, Bandra (E).
Mumbai 400 051
Attn.: Manager, Listing Dept.

National Securities Depository Limited
Trade World, Kamala Mill Compound
Senapati Bapat Marg, Lower Parel
Mumbai 400 013

Central Depository Services (India) Limited
28th Floor, P.J.Towers
Dalal Street, Fort
Mumbai 400 001

Dear Sirs,

Sub: 68th Annual General Meeting – 09.05.2018 and voting results.
Ref: Scrip Code: **EQ:** 500002 / ABB and **DEB:** 952706
ISIN: **EQ:** INE117A01022 / **DEB:** INE117A08019
====

With regard to the above subject, please find enclosed the following:

(1) Summary of proceedings as required under Regulation 30, Part-A of Schedule -III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations as **Annexure – I**.
(2) Voting results as required under Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations as **Annexure – II**.
(3) Report of Scrutinizer dated May 10, 2018, pursuant to the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014.
(4) Annual Report for the financial year 2017 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations duly approved and adopted by the Members as per the provisions of the Companies Act, 2013.

Please take the above on record.

Thanking you

Yours faithfully
For ABB India Limited

B Gururaj
Deputy General Counsel &
Company Secretary
FCS 2631

Encl: as above

ANNUAL REPORT 2017

Positioned for profitable growth

ABB
the pioneering technology leader

What
Offering

Pioneering technology

Products

Projects

Services & others

For whom
Customers

Utilities

Industry

Transport & Infrastructure

Where
Footprint

India

47 factories

9 manufacturing locations

22 sales and marketing offices

Revenue INR 9,087 crore

Exporting to >100 countries

Employees 5,590

ABB in India

Partnering sustainable nation-building

ABB is a pioneering technology leader in electrification products, robotics and motion, industrial automation and power grids, serving customers in utilities, industry and transport & infrastructure globally. 2017 has been another year of our continued all round engagement in key nation-building discussions and projects.

ABB's technology ventilates Asia's longest road tunnel in Jammu & Kashmir and ensures safe and swift passage for commuters, even in adverse weather conditions.

At ABB we are committed to continuous dialogue with government officials, and being a key contributor to efforts that shape the future of India.

ABB participated in the India-Swiss business engagement, New Delhi, that was graced by Prime Minister Narendra Modi and President of Switzerland Doris Leuthard.

Technologists at the ABB Ability Innovation Center in Bengaluru collaborated with industry leaders on next generation digital solutions.

Annual Report 2017
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Highlights 2017

Steady growth in revenue in a mixed market

Consistent step up in profit after tax year-on-year

Make in India complemented by solid growth of exports

Continous growth in base orders at 13 percent for the full year

Business opportunities in digitalization and emerging sectors with ABB Ability™ solutions

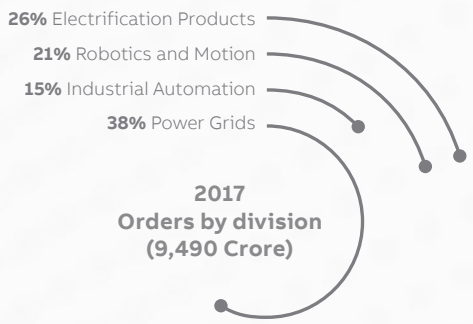
Successful cost savings and strong net working capital management

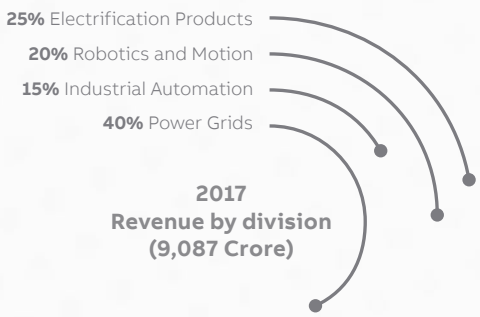
Five-year highlights

(₹ in Crores)

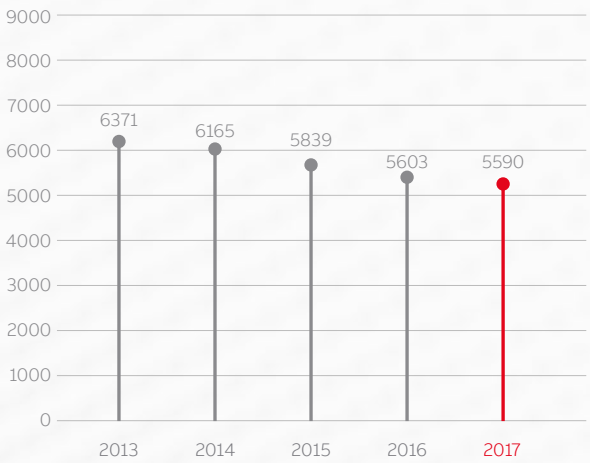
Description	2017	2016	2015	2014	2013
Sources of funds					
Share capital	**42**	42	42	42	42
Reserves	**3,565**	3,244	2,966	2,770	2,635
Net worth	**3,607**	3,287	3,008	2,812	2,677
Borrowings	**608**	600	600	371	620
Funds employed	**4,215**	3,887	3,608	3,183	3,297
Income and profits					
Revenue from operations (net of excise duty)	**9,087**	8,642	8,140	7,733	7,722
Operating profit before interest and depreciation	**857**	816	713	556	470
Profit before tax	**622**	573	475	355	272
Profit after tax	**420**	374	300	229	179
Dividend/Dividend tax	**102**	94	94	94	75
Retained earnings	**318**	280	206	135	102
Other data					
Gross fixed assets	**1,642**	1,474	2,071	2,004	1,910
Debt equity ratio	**0.17:1**	0.18:1	0.20:1	0.13:1	0.23:1
Net worth per equity share-₹	**170**	155	142	133	126
Earnings per equity share-₹	**20**	18	14	11	8
Dividend per equity share-₹	**4.4***	4.0	3.7	3.7	3.0
Profit after taxes as % to average net worth	**12**	12	10	8	7
Orders received	**9,490**	12,466	8,100	7,908	6,717
Orders backlog	**11,534**	11,821	7,946	7,926	7,709
Number of permanent employees	**5,590**	5,603	5,839	6,165	6,371

Note: Figures for 2017 and 2016 are as per IND AS and for earlier periods as per IGAAP and hence not directly comparable. *proposed dividend

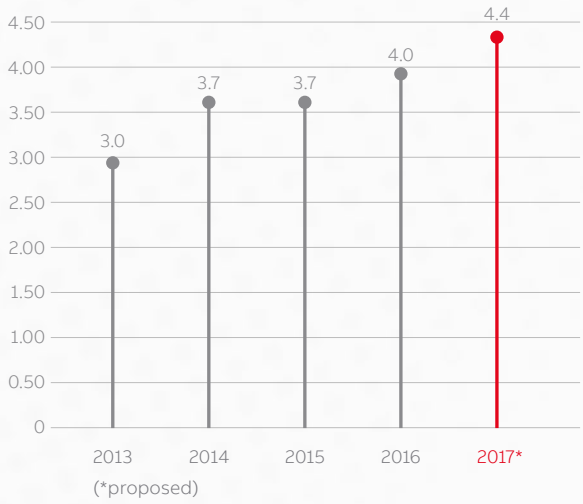




Number of employees



Dividend (₹ per share)



Key achievements of 2017

In 2017, the global average robot density in manufacturing is at 74 robotic units per 10,000 employees

01

First digital substation

Delivered 110 kilovolt (kV) digital substation to for India's largest IT park, serving 350 companies and their 50,000 employees.

02

Future proofing 20 substations in Himachal

Upgraded power infrastructure in Himachal Pradesh, making it future ready with substations featuring latest control and protection technologies.

03

Best in class technologies for Make in India

Expanded our traction transformer manufacturing capabilities to serve growing market, enhance customer proximity and support the 'Make in India' initiative.

04

Advantage automation

As the transformation in Indian industry picks up its pace, ABB recorded sales of 500 robots in the country.

05

Remote monitoring for drives across India

Launched Drives Remote Monitoring Center and a new line of AC500 drives with Hindi language interface to enhance customer experience.

06

Reducing downtime by 70%, safely and efficiently

ABB received 25 Smart Sensors orders, bringing internet of things with service and people.

—
Leading the digital transformation in collaboration with industry leaders in segments like cement, food and beverage, oil and gas, etc.

07
Efficient solar power conversion for Indian Railways

ABB India will install solar inverters at 750 railway stations in northern India, supporting the drive towards reducing carbon emission.

08
Leading the clean energy revolution

Partnering in the country's renewable dream, ABB touched the milestone of 10 GW of clean power; delivering 5 GW of wind generators and 5 GW of solar inverters.

—
All eight operational metros in India use ABB technology solutions

09
Technologies for sustainable mass transportation

Ensuring a safe and convenient commute to millions of passengers of all the new metro rails, including Lucknow, Kochi and Bengaluru.

10
Strong advocate of safety

ABB India won 46 awards and appreciation letters for adhering to and propagating safety at customer sites and across its operations.

11
Driving the fourth industrial revolution in India

Collaborating with India's largest cement producer, to increase energy efficiency and system reliability by double-digit percentages using ABB Ability™

12
Inclusive skill development in rural India

Programs to educate adolescent girls and encourage them to return to school, and vocational training for women in the villages of Gujarat.

Country Management Committee

From left to right
Madhav Vemuri President, Industrial Automation and Country Service Manager
Karthik Krishnamurthi Head, Country Sales & Marketing
T. K. Sridhar Chief Financial Officer
Subir K Pal President, Robotics and Motion
Peter Stierli Head, Communications
Akilur Rahman Chief Technology Officer
GNV Subba Rao Head, India Centre for Global R&D
Raman Kumar Singh Head, Human Resources
C. P. Vyas President, Electrification Products
Sanjeev Sharma Managing Director
Ralph Schultheiss Head, Legal and Integrity
Pitamber Shivnani President, Power Grids

Company Information

Board of Directors
Frank Duggan Chairman (upto 08.02.2018)
Jean-Christophe Deslarzes Chairman (w.e.f. 08.02.2018)
Sanjeev Sharma Managing Director
Nasser Munjee
Darius E. Udwadia
Renu Sud Karnad
Tarak Mehta

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

Stakeholders Relationship Committee
Darius E. Udwadia Chairman
Renu Sud Karnad Member
Sanjeev Sharma Member

Nomination and Remuneration Committee
Nasser Munjee Chairman
Renu Sud Karnad Member
Frank Duggan Member (upto 08.02.2018)
Jean-Christophe Deslarzes Member (w.e.f. 08.02.2018)

Corporate Social Responsibility Committee
Renu Sud Karnad Chairperson
Sanjeev Sharma Member
Tarak Mehta Member

Risk Management Committee
Nasser Munjee Chairman
Frank Duggan Member (upto 08.02.2018)
Jean-Christophe Deslarzes Member (w.e.f. 08.02.2018)
Sanjeev Sharma Member
T. K. Sridhar Member
Pitamber Shivnani Member (upto 08.02.2018)

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

Chief Financial Officer and Chief Investor Relations Officer
T. K. Sridhar

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

Secretarial Auditors
Messrs BMP & Co. LLP
Company Secretaries
No. 926, 20th Main BSK 2nd Stage
Bengaluru - 560 070

Company Secretary and Compliance Officer
B. Gururaj

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

Registrar and Share Transfer Agents
Karvy Computershare Private Limited
No. 51/2, T.K.N. Complex
Vanivilas Road, Opp. National College
Basavanagudi
Bengaluru - 560 004

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

Bankers
AXIS Bank Limited
Bank of America, N.A.
Bank of Bhutan Limited
Canara Bank
Deutsche Bank AG
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
IndusInd 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

Corporate Identity Number
L32202KA1949PLC032923

01
Statutory Reports

016 – 032 **Business Responsibility Report**

033 – 039 **Notice to the Members**

040 – 044 **Directors' Report**

045 – 084 **Management's Discussions and Analysis and other Annexures to the Directors' Report**

085 **MD / CFO Certificate**

ABB and Formula E: pioneers united
A new era of technology leadership

Formula E – the world's first fully-electric international FIA motorsport series. Together, Formula E and ABB are defining the roadmap for electric mobility through motor sports.

RENAULT
RICHARD MILLE
hp
9

Business Responsibility Report 2017

Overview of sustainability at ABB India Limited

Sustainability is at the core of the Company's business strategy. Sustainability considerations are embedded into the Company's daily business and helps in different ways to create value to its varied stakeholders and to manage its risks. Sustainability includes, but is not just limited to, activities under occupational health, safety, environment, security, community engagement, human rights but also moving beyond compliance requirements to have systems, process, and procedures, to create long term sustainable value to the Company's stakeholders. The Company has a integrated Health Safety and Environment (HSE) policy[1] and several other policies and standards in place to underpin its core values of sustainability.

Sustainable technologies lie at the heart of ABB's business. As a pioneering technology leader, ABB contributes to the delivery of many of the United Nations' Sustainable Development Goals (SDGs). The Company's core strength lies in its ability to innovate and manufacture energy-efficient products that have significant impact on what it offers customers, and prides itself as a Company that looks and focuses on sustainable products that drive the economy with long term sustainable development goals. The Company's solutions and services directly address the causes of climate change, and a large part of its value proposition is centered on improving the energy efficiency while reducing downtime and waste.

The Company has been instrumental in aiding the country's sustainable growth vision and agenda, focusing on smart cities, sustainable mobility solutions, bringing automation and energy efficiency in the country's core manufacturing and utility sectors, apart from focusing on its in house sustainability in terms of sustainable processes at its manufacturing locations.

Aligning with the Government of India's pursuit to bring 'Power to all', the Company is collaborating with various state utilities in modernizing infrastructure and in driving the energy revolution through digitalization solutions. The Company doubled its capacity for manufacturing solar inverters to support the surging growth in adoption of renewable energy-based requirements in the country. During the year the Company reached 5 gigawatt milestone for solar inverters made out of India. The Company is powering half of country's solar projects, which includes the ambitious project of Indian Railways to use solar energy in running the largest railways network in Asia. The Company is providing solar invertors to 750 stations in the Northern Railways. The Company also provided solar inverters for charging e-rickshaws in Jabalpur smart city in Madhya Pradesh.

In another smart city, Kochi, the Company provided electrification and power solutions for its newly launched metro line. The Company is working with all operational metro rails in the country, becoming a partner of choice for the transportation and infrastructure industry. In India, the Company operationalized the world's first multi-terminal Ultra High Voltage Direct Current (HVDC) link, which connects the North East region of the country to Agra. The link plays a vital role in bringing renewable hydropower from offshore location to meet the energy demands in the northern and central parts of the country. Additionally, the multi-terminal solution helps in saving land space by ~60 percent compared to the alternative of running separate power links from multiple hydropower plants to Agra. The Company is building another milestone HVDC link, running over 1,800 kms from Raigarh in Chhattisgarh to Pugalur in Tamil Nadu. These links help in bringing clean, green power from hydel and wind power plants in remote locations to demand areas in the country and increasing the clean energy mix for a sustainable living. The world's largest association of technical professionals, the Institute of Electrical and Electronics Engineers (IEEE) recognized the Company for its technological innovation in HDVC technology, qualifying it as a significant contribution among new inventions of the century.

The Company has also provided efficient water management solutions in various cities and districts. The Company provided highest capacity motors capable of pumping 23,000 liters of water per second, at a lift irrigation project in the southern state of Telangana. This project ensures availability of water for drinking and irrigation facilities throughout the year in a chronically drought-prone region.

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

1 http://new.abb.com/docs/librariesprovider19/default-document-library/hse-policy-poster_24-x-32-in_v5.pdf?sfvrsn=2

Sustainability objectives

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, covering health, safety social, environmental and security impacts, strengthen business performance and resilience.

During the year the Company commissioned the Health Safety and Environment (HSE) / Sustainability Affairs board which conducted quarterly reviews of sustainability targets and performance across business units and factories. Sustainability parameters are recorded and consolidated yearly for various reporting purposes. The ABB Group has prepared online reporting formats for location level local sustainability officers' reports. The country sustainability controller reports on all key sustainability parameters on an annual basis across the Company's overall sustainability performance. The ABB Group prepares the Group Sustainability Report[2] annually for public disclosure based on the Global Reporting Initiative (GRI) guidelines. The Company annually publishes the Business Responsibility Report as per SEBI's requirement and is part of its annual report.

Healthy and safe working environment

A top priority for the Company is to ensure the health and safety of its employees and contractors. Safety culture is a set of practices that are developed and learnt by the organization to manage risks. These practices not only determine how employees view safety but also their safety behavior. ABB Group's program "Don't look the other way" also underlines the minimum safety behavior expected from each and every employee and this is the foundation stone for the Company's safety culture.

Under the overall theme of "Don't look the other way," the Company launched several initiatives during the year. Safety initiatives were accelerated to the next level to nurture responsible individuals who make safety a personal value. The Company's ultimate endeavor is to have zero injuries. Focus on safety was a prerogative from the top management, who consistently demonstrated exceptional safety leadership influencing behavioral change by "walking the talk" and having a non-hierarchical safety sharing environment for all employees of the Company.

Some of the key activities of the Company in the year have been promoting the "Don't look the other way" campaign stressing on safety aspects, occupational health wellbeing of employees, improved safety monitoring, management information systems, reporting, launching specialized tools, systems and processes for the review of safety at projects sites, factories and offices and to focus on behavior based safety program for all.

All vendors and contractors who work for and on behalf of the Company are held up to the same level of safety standards and procedures with no compromise to safety aspects.

The Company's contractors and service providers are evaluated and selected on their competence and capability to undertake tasks in compliance with the Company's health and safety measures. As a guiding principle, the Company prefers and wants to do business with suppliers who have implemented health and safety management systems that comply with OHSAS 18001: 2007 standards.

In terms of increasing the safety culture, the Company's focus was to report as many safety improvement opportunities. The Company received a total of 72,439 hazards during the year had 100% of its reported hazards resolved during the year. Safety Observations Tours (SOTs) continued to be a key reporting mechanism and in the current year there were several SOTs conducted by managers and teams across the Company. A total of 22,325 SOTs were conducted during the year.

The Company clocked a total of 26.24 million contractor man-hours worked and 23.81 million employee man-hours worked, with 1 fatality, 4 serious injuries, 1 high potential incident, 6 lost time injuries, 27 medical treatment injuries and 329 first aid cases[3].

In an effort to motivate and propagate good safety practices within the Company, it continued to appreciate and reward key innovations, best practices and these were recognized and rewarded under the Company's HSE awards. During the year the Company focused on training on safety awareness, procedures across its employees and contractors. Focused training on ABB risks areas, Project Safety Management, Person Incharge of Work, are continually rendered to all employees. Specialized HSE skills program such as Behaviour Based Safety, Safety Master Class, for all managers was a key training objective for the year by the Company. The Company also had safety skills upgradation program for select nominated members to undergo additional certification programs such as Institution of Occupational Safety and Health (IOSH) and National Examination Board in Occupational Safety and Health (NEBOSH). The Company clocked around four HSE training hours per employee during the year.

2 ABB Group Sustainability report 2016: http://sustainabilityreport2016.e.abb.com/
3 Safety indicator categories as defined by the Company

As a part of occupational health and wellness, various employee programs such as employee executive medical check-ups, sessions on flexibility, interventions to encourage micro-pauses, were conducted. These are improving overall health of employees thus building a health conscious Company. The Company has Automated External Defibrillators (AED) at all locations and has trained all nominated employees and volunteers on its use. The emphasis on health by the Company has heightened employee awareness and responsibility towards their overall health and wellbeing.

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 are no pending show cause / legal notices from Central Pollution Control Board / State Pollution Control Boards for the year. There were no monetary fines / penalties for Environmental non-compliances paid by the Company during the year.

Environmental statutory compliance management is integrated with the Company's compliance tool which is adopted to manage all statutory compliances of the Company including HSE compliances. The tool also ensures timely updates of all HSE compliances and adherence to the same. To ensure statutory compliance, periodic monitoring and review is carried out and necessary actions are undertaken. All of the Company's facilities have been certified to ISO management systems namely ISO 14001:2004 and OHSAS 18001:2007.

Energy and climate

The ABB Group has released a new Climate Statement that builds on the 2015 version and the statement explicitly records ABB support to the Sustainable Development Goals and its full participation in the UN-led "Sustainable Energy for All" initiative. The climate statement helps progress ABB's sustainability vision that the Company will be recognized as a leading contributor to a more sustainable world through the deployment of the broad portfolio of pioneering technologies.

This year the Company has made significant progress towards its energy management. The Company's grid electricity consumption in the year was 58,502 MWh of which 16 percent has been through green power purchase and solar based lighting. This has resulted in the avoidance of 7,487 tons of CO_2.

The Company continues to focus on energy efficiency in its manufacturing facilities. Energy audits were conducted by third parties at all our facilities to identify energy saving projects. Energy efficient lighting continue to help the Company achieve considerable reduction in energy consumption. Fuel efficient boilers have replaced energy intensive conventional boilers at the Company's Mysore facility ensuring use of biofuels such as paddy husks and agro briquettes which are sourced locally from the farming community. This year the Company has included biofuel in its energy accounting which accounts for 44 percent of the total energy requirement. Hence the Company meets 51 percent of its total energy through renewable energy sources.

Water management

Water is a critical resource as most Indian cities are in water stressed zones. The Company is consciously working towards reducing water consumption where possible as majority of the Company's manufacturing processes do not consume significant amounts of water. Water withdrawal in the year was 0.65 million m^3 at its manufacturing facilities. The water consumption in most of its manufacturing facilities is mainly for domestic consumption. The major initiatives on water include adoption of water efficient technologies, arresting leakages, enhancement and efficient use of treated effluent sewage effluent. All manufacturing facilities have in-house sewage treatment plant (STP) and the treated water is used for landscaping and flushing which accounts for about 27 percent of recycled water. The treated water quality is monitored periodically to ensure compliance with applicable environmental legal requirements. The Company also has zero liquid discharge Effluent Treatment Plants (ETPs) in few pertinent facilities. The Company ensures ground water recharge through rain water harvesting infiltration wells. Since the Company's freshwater consumption in most of its facilities is predominantly for domestic purposes, its impact on the water resources is very minimal.

Waste management

One of the Company's key focus is waste reduction and reuse. Waste reduction is considered in the product design stage to ensure waste minimization during production. At its manufacturing facilities, reuse of packaging material such as wooden pallets and carton boxes is practiced. Continuous improvement projects in processes to ensure reduction in waste generation is carried out regularly. All wastes generated are segregated at source to ensure recycling, and stored in designated areas in the scrap yard before disposal to the relevant Pollution Control Board (PCB) authorized recyclers. The Company's waste is handled by authorized vendors who are screened based on their Pollution Control Board permits and the recycling facility. The Company has taken

stringent targets to reduce wastes sent to landfill and has increased the recyclability of wastes by responsible sourcing. Of the total wastes disposed this year, 90 percent were recycled through authorized recyclers.

In Mysore, the Company uses the waste from local agricultural production to power our furnaces, and then the waste from the production processes is used by the farmers to grow their crops thus promoting and practicing a sustainable, circular economy. A total of 3,815 tons of bio fuel ash from the Company's Mysore facility was delivered to local farmers for use as organic soil conditioner and fertilizer in 2017.

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 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 include 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

As a responsible organization, ABB commits to ensure a responsible working environment not only in its own factories but also its suppliers.

The ABB Supplier Code of Conduct is the mother document on which the Company builds its efforts to source responsibly. The Supplier Code of Conduct[4] defines requirements for ABB suppliers and is integrated with the General Terms & Conditions. The Company considers its suppliers as business partners and demand that they conduct their business consistent with the standards and principles, complying with a number of sustainability performance indicators including environmental, OHS regulations, internationally 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 the 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. Under the program, a select set of suppliers are chosen every year and trained and audited by the Company. Supplier audits focus on below six areas

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

In 2017, the Company analyzed all the supplier assessments conducted between 2014 and 3rd quarter of 2017 to identify common areas of improvement. The result of this analysis was used to design and implement supplier improvement programs which helps build the capacity of suppliers and raise the performance standards of the Company's suppliers.

Awareness of key statutory requirements was identified as one of the main areas which needed immediate attention. Special workshop on legal awareness was designed with the help of external experts to cater this requirement. It was focused on activity based learning with a lot of group discussion, participant experience sharing and case studies.

The Company also conducted several trainings based on the vendor needs. The Company's suppliers also have access to the ABB Supplier Sustainability Implementation Guide, which provides practical advice on how to meet the requirements of the Supplier Code of Conduct. As part of the hand-holding process the Company also reviews the implementation of action plans of its suppliers and supports throughout the program for any kind of technical query or implementation challenge.

In India, 49[5] suppliers have been trained on sustainability requirements and 34 of them were assessed for such requirements. In 2017, the total number of suppliers trained under the program since 2009 stands at 591[6] (may include suppliers who have undergone repeat trainings) and the total number of suppliers assessed stands at 289[7].

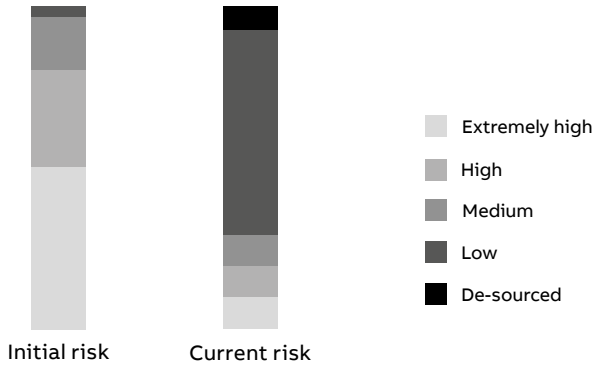
4 ABB supplier code of conduct
5 Trainings-Q4 IN SSDP KPI Report
6 Ibid - trainings-Q4 IN SSDP KPI Report
7 Supplier Assessments- Q4 IN SSDP KPI Report 2017

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 risk profiles of suppliers selected from 2009 to 2017, before and after corrective actions under the SSDP). At the end of 2017 (quarter 4), 20[9] 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.

The Company has set procedures to select contractors and service providers based on their competence and capability to undertake tasks and in compliance with the Company's health and safety measures. A prequalification of the vendor is through an evaluation checklist across sustainability matrix before a vendor becomes a registered vendor of the Company.

The ABB Group directive specifically for Sourcing for Transport & Logistics service is a guidance document that the Company follows.

Among many other stringent criteria suppliers are evaluated upon, key sustainability aspects. Suppliers are evaluated on stringent qualification process across various parameters including sustainability aspects such as ABB's human rights policy, adherence to The Restriction of Hazardous Substances (RoHS) Directive, compliance to Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), compliance to ABB list of Restricted and Prohibited Substances directive; HSE policy and training programmes, compliance to internal and external certification to ensure their HSE competencies prior to commencement of work, Personal Protection Equipment requirement, certification of safety tools, compliance with all the governmental regulations, energy conservation and Carbon footprint initiatives, etc.



	Extremely high	High	Medium	Low	De-sourced
Initial risk	142	90	48	9	-
Current risk	33	27	23	186	20

8 Ibid- summation of assessments & reassessments in 2017
9 Ibid- summation of blocked suppliers

Stakeholder engagement

Sustainability performance forms an important basis for the Company's dialogue with its stakeholders. The Company dynamically engages with its varied stakeholders to create an inclusive business environment seeking their inputs constantly. The following are the key identified stakeholders of the Company:

Stakeholder group	Key identified stakeholders	Details of stakeholder interactions
Internal stakeholders	Permanent employees	Various employee welfare programs, ongoing wellness & engagement HSE and sustainability programs, and awareness cum training sessions, Internal communication
	Contract employees	
Business stakeholders	Customers	Various customer focused seminar / events and programs
	Suppliers	The SSDP and continuous ongoing interactions with vendors.
	Investors	Annual general body meeting, quarterly analyst call, one to one meetings (need basis), factory visits (on request)
	Distributors/Channel Partners	Providing services / selling of the Company's products or as a managed service provider
	Contractors	Providing materials, labor, service, job work wherever required, contractor safety meets
External Stakeholders	Regulators	Meetings and interactions for compliance requirements, permits etc.
	Trade bodies	Seminars, conferences and sharing good practices
	Peer companies	Through industry bodies, associations, seminars, exhibitions and events
	International organizations	Partnerships for R&D and CSR activities
	Local communities	Ongoing interactions for CSR activities with the communities
	Academia and scientific community	Ongoing R&D and educational partnerships, seminars, meetings, campus connect programs, CSR activities, one on one interactions.
	Media	Seminars, meetings, and one on one interactions for communication and branding
	NGOs and civil society organizations	Partnerships and interactions for implementation of CSR agenda
	Trade Unions	Right of all personnel to form and join trade unions of their choice and bargain collectively
	Consultants and certification bodies	External advisory, assurance, certification services on various management process and systems for performance improvements of the Company through separate projects and assignments.

The Company interacts with several of its stakeholders through a structure well formulated and adapted stakeholder engagement process. It has continuous planned dialogue with various central and state government bodies with regards to policy and presentation on the Company's innovative sustainable solutions such as hybrid switchgear, distribution sector with respect to smart metering, reducing transmission and distribution losses, electric vehicle charging, energy efficiency, efficiency upgradation in the railways sector, and renewable energy.

There have been a series of partnerships with premium research institutes in the country for research and development on frontier areas such as power, automation, renewable energy, etc. Contractor safety meets are done on a continual basis to bring ABB India contractors and vendors in line with ABB's safety requirements and codes of practice. As a listed Company it has a set process for receiving and addressing its investor requests. A total of 208 investor requests were received in the year, all of which have been satisfactorily responded to.

Advocacy, aid and corporate responsibility bodies

ABB Group's principal memberships of organizations and initiatives involving different aspects of sustainability:

- Amnesty International
- Center for Environmental Assessment of Product and Material (CPM)
- Global Reporting Initiative
- Institute for Human Rights and Business
- International Committee of the Red Cross
- International Institute for Management Development (IMD)
- International Organization for Standardization
- Oikos International
- The Global Business Initiative on Human Rights
- The Hunger Project, Switzerland
- Transparency International
- United Nations Global Compact
- World Business Council for Sustainable Development
- World Childhood Foundation, Sweden
- World Economic Forum
- World Wide Fund for nature

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

As an active member of CII the Company participated in various forums on topics relevant to its business such as smart cities, sustainability, renewable energy etc. It also participated in a number of exhibitions organized by various other industry bodies.

People well-being

The Company attracts top performers due to its inclusive culture. The people strategy is aligned with the Company's overall ambition to accelerate sustainable value creation. This required continuing to provide a stable work environment in a growing market and maximizing the potential of the Company's workforce. Through its evolving employee-friendly policies and processes, the Company's human resources encouraged and demonstrated dynamism and openness to change. The Company has made strategic decisions in key human resources areas that has enabled growth in the Company and resulted in a performance-driven year.

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 providing an 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 model, aligned with the business strategy, helps realize its full potential, individually and as an organization.

In 2017, the Company's human resources consolidated the changes initiated during the previous year and started to benefit from the establishment of a world class Global Business Services and the Centers of Excellence making ABB faster, more agile and customer focused, and consolidating and strengthening its position as a preferred employer in a rapidly evolving market.

Learning and development, and training

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 customised learning solutions. On the other hand, while the Leadership Development and most of the training initiatives are in-house, the company's L&D team as needed works closely with external agencies and vendors to meet its the demands of local training programs and for the required a level of expertise.

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 multi-directional 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 .

The Company has a benchmark Higher Education Sponsorship Policy that supports its employees in building up technical competencies in emerging and new technology areas that are relevant to its businesses. More than 25 employees have been sponsored by the Company, many of them pursuing research programs leading to Masters and doctoral degrees from premier institutes like the Indian Institute of Technology (IITs) and National Institutes of Technology (NIT).

The Company for many years now has collaborated with academia to promote research and development partnership and cooperation. The Company's Academic Partnership Program (APP) launched across many leading Indian universities provides a collaborative platform for young, bright, talented students and research scholars to address complex industrial problems with innovative ideas and cutting-edge technologies in the areas of energy efficiency, renewables, energy storage, robotics, industrial, data analytics, smart services and automation for utility, industry, infrastructure and transportation. The Company supports more than 25 university collaboration projects, involving 12 doctoral and 17 masters students. The Company also provides internship opportunity for final year Bachelor of Technology students to gain industry experience, ranging from 3 months to 1 year. Every year, more than 100 students benefit from this program.

The Company also sponsors various technical, skill development projects through CSR contributions for the benefit of the community. Significant academic projects under the CSR are related to rural electrification, energy storage, renewables and microgrids, multi-physics modeling & simulation center. Many students take part in these projects as a part of their academic requirements and gain experience in solving real-world problems. In recognition of the Company's leadership in technology and innovation, processes and infrastructure for high-tech R&D, partnership with academics, the Company during the year has been awarded, the 2017 ISGF Innovation Award, and 2017 Zinnov Award – Great Place to Innovate.

Diversity and inclusion

The Company understands that diversity supports innovation and success, and the Company strives to go beyond this. In line with the ABB Group vision and policy, the Company welcomes different ways of thinking and acting, different qualities and skills, different experiences and backgrounds and values them because as the Company is dedicated to being inclusive, recognizing and respecting all aspects of difference.

As part of the Company's efforts in this front, it references principles outlined in the following:

- The Organization for Economic Cooperation and Development's Guidelines for Multinational Enterprises
- The International Labor Organization's Declaration on Fundamental Principles, and
- The United Nations Universal Declaration of Human Rights

	Key Human Resource data of the Company for the year	2017
1	Permanent employees of the Company	5,590
2	New employees added to the Company	507
3	Apprentice / Interns / Trainees	1,158
4	Total number of employees hired on contractual basis	319
5	Number of women permanent employees	326
6	Number of permanent employees with disabilities	17
7	Is there a recognized employee association	Yes
8	Percentage of permanent employees who are members of the recognized association	17.87%

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 has had its Human Rights Policy in place since 2007. The policy draws on the Universal Declaration of Human Rights, the ILO Core Conventions on Labor Standards, UN Global Compact, the OECD Guidelines for Multinational Enterprises and the Social Accountability 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. 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.

There were a series of Human Rights training imparted by ABB Group experts to raise awareness on Human Rights and also to appraise the Company's employees on the system that it has to identify and mitigate Human Rights violation. 34 selected members from the Company were trained on Human Rights touching 85 hours of trainings. In this reporting period, there have not been any grievances related to Human Rights.

Integrity, transparency and accountability

The Company is committed to a high standard of integrity which is expected of every employee and from everyone with whom the Company does business with. With hard work and a clear commitment from ABB's Group's top management at headquarters and across regions and divisions, the ABB Group has seen the positive impact that a robust compliance and integrity program and a strong culture of integrity that can have on the long-term success and sustainability of the Company.

The ABB Code of Conduct is the framework that explains the behavior, ABB expects of every employee and Stakeholders who work with the Company. The ABB Code of Conduct provides a framework to put business principles into practice with utmost integrity. The failure to report a violation or suspected violation by employees of refusal to cooperate with the investigation of a suspected violation is a breach of the ABB Code of Conduct. Each employee of the Company 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 also 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.

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's Anti-corruption Policy is stated explicitly in the ABB Group directive on bribery and anti-corruption and emphasizes key components which are essential to ensuring a strict compliance to anti-bribery laws but also refraining from corruption. Bribery can also take the shape of paying facilitation payments, which have been banned in the Company for several years now. 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. In addition, the Company's policies mirror the principles set out in Transparency International's publication, Business Principles for Countering Bribery, a multi-stakeholder framework for companies to benchmark their integrity and compliance programs.

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 we operate, 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 also 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 and this 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 no complaints received by the said committee in the year

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, equality of opportunity, harassment and disciplinary practices, working hours, compensation, suppliers, community involvement and business ethics and 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 is committed to social development and works towards contributing for the social betterment of the community in and around its factories. The Company has its Corporate Social Responsibility (CSR) policy and framework for action along with clear focal areas against which all community engagement projects are taken up. In line with its set CSR Policy the Company undertook several community development programs during the year, some of them are a continuation of commitments and project taken up last year and some others were identified and contributed to during the year.

Programs of the Company were effected through direct implementation by the Company and also through the Company's Foundation. The Company partners with institutionalized, verified, partners who have the relevant expertise and experience in the focus area to undertake its CSR programs. A total of Rs. 948 lakhs was spent by the Company on CSR activities as stipulated under Schedule VII of the Companies Act, 2013.

Some of the key projects were providing mid-day meals to identified Government schools, contributions towards establishment of simulation center of expertise at an recognized R&D and Government training institute, partnership with premium research organization in the field of community microgrid and renewable energy storage research, providing for operational costs and special needs of school for children with disability, program of running mobile science education to Government school children, education and skill development with focus on the girl child and women in Gujarat.

Customer engagement

The Company values and respects its customers, and strives to meet and exceed their expectations. As a pioneering technology leader, the Company offers its customers products and solutions that improve operational and resource efficiencies and performance.

Feedback received from customers is used to improve the Company's products, systems and services. Since 2010, the Company has adopted the Net Promoter Score (NPS) survey in order to understand how the Company is perceived by its customers. The customers' response to the "recommend" question and the red card / green 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 NPS surveys are held once in two years. The last survey was held in 2016 and the next will be in 2018. At the same time, the Company is starting a new phase in its NPS program with the introduction of transactional surveys. As transactional feedback is considered to be a lead-indicator for overall customer satisfaction, the intention is to continue to raise the bar by responding rapidly and decisively to customer issues as soon as they occur.

The Company also has a cross-divisional initiative called Customer Contact Management (CCM) to improve 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 customers and other business partners. 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 ABB for their response and resolution. The Contact Center is available all working days during working hours and can be accessed via an all-India toll-free telephone number, email, 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 its products, systems and service. In terms of addressing 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 ABB business unit. CCRP channels customer care topics and improves customer satisfaction by providing a single ABB-wide common process and tool. It captures, documents 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. There was a total of 4,797 complaints received from customers in the year off which 4,233 were resolved.

Links to Policies and Programs

Sustainability:
http://new.abb.com/sustainability

ABB HSE, Security and Sustainability Policy (ABB Group)
http://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

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

Corporate Governance (ABB Group):
http://new.abb.com/indian-subcontinent/investors/corporate-governance

Integrity Program (ABB Group):
http://new.abb.com/about/integrity

Supplier Sustainability Development Program (ABB Group)
http://new.abb.com/about/supplying/sustainability

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 Regulation, 2015 (Listing Regulations) is attached to this report.

Business Responsibility Report 2017
(As per Regulation 34 (2) of the Listing Regulations)

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, Malleshwaram West, Bengaluru 560 055
4.	Website	www.abb.co.in
5.	E-mail id	investor.helpdesk@in.abb.com
6.	Financial Year reported	2017
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	36
	A Number of International Locations (provide details of major 5):	5, Branch/project offices abroad Bangladesh, Bhutan, Nepal, Sri Lanka and Vietnam
	B Number of National locations:	31 9 Manufacturing locations 22 branch / marketing offices
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)	Rs.42.38 Crores
2.	Total Turnover (INR)	Rs.9,496.07 Crores*
3.	Total profit after taxes (INR)	Rs.419.95 Crores
4.	Total Spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax (%) for 2017	2.26%
5.	List of activities in which expenditure in 4 above has been incurred:	Refer CSR report attached to the Directors' Report

* Including excise duty

SECTION C: OTHER DETAILS

1.	Does the Company have any Subsidiary Company/ Companies?	No
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Not Applicable.
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 Sustainability Manager
4.	Telephone number	080-22949144
5.	e-mail id	vipin.upadhyay@in.abb.com

2. Principle –wise (as per 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.... P1. Environment, Health and Safety Policy P2. Corporate Social Responsibility Policy P3. Sexual Harassment of Women at the Workplace Policy P4. Anti Corruption Policy P5. Whistle Blower Protection Policy P6. ABB Group Social Policy P7. ABB Group Human Rights Policy P8. ABB's Code of Conduct P9. ABB Supplier Code of Conduct	Y	Y	Y	Y	Y	Y	Y	Y	Y
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?	A few of the policies have been approved by the Board and other policies which are 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, Prevention of Sexual Harassment of Women at the Workplace. For the other policies, the Company is having adequate internal control on its 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 reviews scheduled 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 is published annually. Link to 2016 BRR of the Company: http://new.abb.com/docs/librariesprovider19/default-document-library/brrad1614eac1f463c09537ff0000433538.pdf?sfvrsn=2

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 208 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):	
	(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)?	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 & safety, environment, ethics & 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 souring including transportation. At the time of qualification to become an ABB supplier, the vendor is assessed across sustainability matrix. 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. Under the program, the Company trained both suppliers and Company employees, and carried out independent third party supplier audits to identify areas of improvement in the following areas of General management, Working hours, Remuneration, Social benefits, Health and Safety, Environmental protection, Human Rights aspects etc. The ABB Group directive specifically for Sourcing for Transport & 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.
	(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 within 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 is moving 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 the identified the most common issues of its suppliers as "no health & safety risk assessment" and "no environmental risk assessment" during sustainability assessments. To address these issues systematically, three one-day workshops on the topic were organized at manufacturing locations of the Company in Bangalore, Nashik, and Vadodara for its suppliers. Internal Company's documents & training materials on best practices has been made available to suppliers to expedite their learnings.
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. >10%. The Company has stringent waste management practices for internally generated wastes; covered in the Company's HSE policy.
	Principle 3	
1.	Please indicate the Total number of employees.	Permanent employees: 5590
2.	Please indicate the Total number of employees hired on temporary/contractual/casual basis.	New employees added in the year: 507 Apprentice / Interns / Trainees: 1158 Contract employees: 319
3.	Please indicate the Number of permanent women employees.	326
4.	Please indicate the Number of permanent employees with disabilities	17
5.	Do you have an employee association that is recognized by management.	Yes
6.	What percentage of your permanent employees is members of this recognized employee association?	17.87%
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.	Nil

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	Nil	Nil
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. On a periodical basis. All of the Company's employees underwent safety related training and skill upgradation. HSE training hours was 4.04 hours / employee
	(a) Permanent Employees	
	(b) Permanent Women Employees	
	(c) Casual/Temporary/Contractual Employees	This category of employees are 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.
	(d) Employees with Disabilities	Training on various aspects are given to employees including persons with disabilities
	Principle 4	
1.	Has the company mapped its internal and external stakeholders? Yes/No	Yes
2.	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.	No
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.	No
	Principle 5	
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
	Principle 6	
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. http://new.abb.com/betterworld/how-abb-technology-mitigates-climate-change ABB Group's recent Climate change statement : http://search.abb.com/library/Download.aspx?DocumentID=9AKK106713A6517&LanguageCode=en&DocumentPartId=&Action=Launch
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. http://new.abb.com/sustainability/environment/energy-and-climate
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
	Principle 7	
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
	Principle 8	
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 the 5 key focal areas for its social development projects/activities.
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 through its registered Trust and 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?	Not Yet. The Company has undertaken needs assessment prior to its proposed larger community intervention and would carry our impact assessment after a few years of our continuous intervention in the community.
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 amount spent on CSR activities by the Company was Rs.948 Lakhs against a budget of Rs. 933 Lakhs as stipulated under Schedule VII of the Companies Act, 2013. Details are part of 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 our 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.
	Principle 9	
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 EIGHTH ANNUAL GENERAL MEETING of the Members of ABB India Limited will be held at "Grand Ball Room", Second Floor, Sheraton Grand Bangalore Hotel at Brigade Gateway, 26/1, Dr. Rajkumar Road, Malleshwaram-Rajajinagar, Bengaluru – 560 055, on Wednesday, May 9, 2018 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, 2017, (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

To declare a dividend of Rs.4.40/- per Equity Share of Rs.2/- each for the Financial Year 2017.

Item No. 3 – Ratification of appointment of Statutory Auditors and to authorize the Board of Directors to determine their remuneration

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

"**RESOLVED THAT** pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 3 (7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), the Company hereby ratifies the appointment of Messrs B S R & Co. LLP, Chartered Accountants (Firm Registration No.101248W/W-100022), as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the 69th Annual General Meeting to be held for the financial year 2018 and to authorize the Board of Directors ("the Board") to fix their remuneration.

Special Business

Item No. 4 – Appointment of Mr. Jean-Christophe Deslarzes as a Director

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

"RESOLVED THAT Mr. Jean-Christophe Deslarzes (DIN: 08064621), who was appointed as a Director by the Board at its meeting held on February 8, 2018 pursuant to Section 161(4) of the Companies Act, 2013 and other applicable provisions if any thereof (including any statutory modification or re-enactment thereof for the time being in force) read with Article 143 of the Company's Articles of Association to fill in the casual vacancy caused by the resignation of Mr. Frank Duggan (DIN: 02937233) as a Director, and who holds office upto the date of this Annual General Meeting being the date up to which Mr. Frank Duggan would have held office had he not resigned, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

Item No. 5 – Approval of remuneration to the Cost Auditor of the Company for Financial Year 2018

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 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, 2018, 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: Mumbai
Date: February 8, 2018

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.

2. The Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts in respect of special businesses under Item Nos. 4-5 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 Thursday, May 3, 2018 to Tuesday, May 9, 2018 (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 11, 2018, 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 2, 2018 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 on Wednesday, May 2, 2018.

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 corresponding to 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) 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 investor's account on time.

7. Members who have not yet encashed the dividend warrant(s) from the financial year ended December 31, 2010 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, 2009, have been transferred to IEPF. The details of the unclaimed dividends are available on the Company's website at www.abb.co.in and Ministry of Corporate Affairs at www.mca.gov.in. Members are requested to contact Karvy Computershare 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 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 Company has designated an exclusive e-mail id viz., investor.helpdesk@in.abb.com to enable investors to register their complaints / queries, if any.

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 and also on the website of the Stock Exchanges where the shares of the Company have been listed viz., BSE Limited - www.bseindia.com and National Stock Exchange of India Limited - 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 p.m. upto Wednesday, May 9, 2018 being the date of the Annual General Meeting.

19. The Annual Report of the Company for the year ended December 31, 2017 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 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. 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 Computershare Private Limited (KCPL) 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 EVEN number 3713 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 with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "ABB India Limited 68th 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 3713 (EVEN), 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 5, 2018 (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 5, 2018 (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 general meeting, however those Members are not entitled to cast their vote again in the general meeting.

(3) Voting at AGM:

The Members who have not cast their vote either electronically or through Ballot Form, can exercise their voting rights 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 KCPL 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 5, 2018 (9.00 a.m. IST) and ends on Tuesday, May 8, 2018 (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 2, 2018, 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 2, 2018, may obtain the login ID and password by sending a request at evoting@ karvy. com.

v. However, if you are already registered with KCPL 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 KCPL on 1800 3454 001 / 040-67162222.

vi. The voting rights of shareholders 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 2, 2018.

vii. The Board of Directors has appointed Mr. S. Kannan (Membership No. F6261 and PCS No. 13016), Practicing Company Secretary and in his absence Mr. B L Vinay, Practicing Company Secretary (Membership No. A26638 and PCS No.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, 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 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

Following on the resignation of Mr. Frank Duggan as a Director effective February 8, 2018, the Board of Directors, at its meeting held on that day, appointed Mr. Jean-Christophe Deslarzes (DIN: 08064621) as a Director pursuant to Section 161(4) of the Act and other applicable provisions (including any modification or re-enactment thereof), if any, of the Act read with Article 143 of the Articles of Association of the Company, to fill in the casual vacancy caused by his resignation. Since Mr. Frank Duggan would have retired by rotation at this Annual General Meeting, had he not resigned, Mr. Deslarzes would hold office of Director only upto the date of this Annual General Meeting, pursuant to Section 161 of the Act. Mr. Deslarzes is eligible for re-appointment as a Director who is liable to retire by rotation.

The Board considers that the association of Mr. Deslarzes as a Director of the Company will be beneficial to and in the interest of the Company.

A brief profile of Mr. Deslarzes is provided at the end of this Notice. The Directors recommend the passing of the resolution set out at Item No.4 of the accompanying Notice.

Mr. Deslarzes is concerned or interested in the resolution since it relates to his appointment as a Director. None of the other Directors or key managerial personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution.

Item No. 5

The Board of Directors of the Company, on the recommendation of the Audit Committee, has approved the appointment of 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, 2018.

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 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, 2018.

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: Mumbai
Date: February 8, 2018

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 FORTHCOMING ANNUAL GENERAL MEETING [PURSUANT TO REGULATION 36 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015]

Name of the Director	Jean-Christophe Deslarzes
Date of Birth / Age	12-11-1963 / 54 years
Date of Appointment on the Board	February 8, 2018
Qualification	Master's degree in Law from the University of Fribourg, Switzerland.
Brief profile and nature of their expertise in specific functional areas	Mr. Jean-Christophe a Swiss citizen, has been Chief Human Resources Officer and member of the Executive Committee of ABB Limited, Switzerland since November 2013, based in Zurich. Mr. Deslarzes began his career in 1991 as a tax and legal consultant at Arthur Andersen in Geneva, Switzerland. From 1994 to 2010, he worked at Rio Tinto and its predecessor companies, Alcan and Alusuisse, in human resources and management roles in Europe and Canada, including as Senior Vice President Human Resources and member of the Executive Committee of Alcan Group as well as President and CEO, Downstream Aluminium Businesses, Rio Tinto, based in Montreal. From 2010 to 2013 he served as Chief Human Resources and Organization Officer and member of the Executive Board at Carrefour Group, based in Paris.
Directorships held in other companies.	Nil
Memberships / Chairmanships of committees across all companies	Nil
Shareholding of Non-Executive Directors in the Company	Nil

As per amended Regulation 26 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 Eighth Annual Report and Audited Accounts for the year ended December 31, 2017.

1. Financial Results:

(₹ in Crore)

Particulars	For the year ended	
	December 31, 2017	**December 31, 2016**
Profit before tax	**621.76**	573.27
Tax expense:		
– Current tax	**189.90**	229.20
– Deferred tax	**11.91**	(30.40)
Profit after tax	**419.95**	374.47
Balance brought forward from previous year	**139.01**	118.91
Amount available for appropriation	**558.96**	493.38
Appropriations:		
Equity dividend paid	**84.76**	78.41
Tax on equity dividend paid	**17.26**	15.96
Debenture redemption reserve	**50.00**	50.00
General reserve	**-**	210.00
Balance carried forward	**406.94**	139.01

Note: The Company has adopted Indian Accounting Standard ('Ind AS') with effect from January 1, 2017 and accordingly financial results along with the comparatives have been prepared in accordance with the recognition and measurement principles stated therein as prescribed by the Ministry of Corporate Affairs on February 16, 2015 under Section 133 of the Companies Act, 2013 (the Act) read with the relevant rules issued thereunder and the other accounting principles generally accepted in India.

2. Dividend:

Your Directors recommend payment of a dividend at the rate of Rs.4.40 (Rupees four and paisa forty only) per share for the year ended December 31, 2017 on 211,908,375 equity shares of Rs.2/- each.

3. Performance Review:

During the year, orders touched Rs 9,490 crore as against Rs.12,466 crore in the Previous Year. Excluding the one-time mega HVDC and large traction transformer orders in 2016, in the year 2017, the orders witnessed a healthy growth of 19 percent, 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.11,534 crore which continued to provide visibility to the future revenue streams. The revenue from operations for the Company for the year 2017 stood at Rs.9,087.32 crore as against Rs.8,642.21 crore in the previous year, reflecting stability of operations in an uncertain market situation. Profit before tax was up by 8% at Rs.621.76 crore in 2017 on higher sales as compared to Rs.573.27 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 12% at Rs.419.95 crore for the current year as compared to Rs.374.47 crore in the previous year. Consequently the earnings per share for the year 2017 stood at Rs.19.82 per share as compared to Rs.17.67 per share in the year 2016.

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.

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 has not transferred any money towards General Reserve.

The Company has transferred a sum of Rs.50 crore towards Debenture Redemption Reserve during the Financial Year 2017.

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 is having 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 is having a Policy on Corporate Social Responsibility and 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 101.61% 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 individual 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. All such 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. During the year under review, there were no contracts or arrangements with related parties referred to in sub-section (1) of Section 188 of the Act as amended from time to time. Therefore, there is no requirement to report any transaction in Form No. AOC-2 in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 as amended from time to time. 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.21.16 lakh lying with the Company for a period of seven years pertaining to the financial year ended on December 31, 2009, was transferred during the financial year 2017, to the Investor Education and Protection Fund established by the Central Government.

20. Transfer of Shares to IEPF:

As required under Section 124 of the Act, 537,523 equity shares, in respect of which dividend has not been claimed by the members for seven consecutive years or more, have been transferred by the Company to Investor Education and Protection Fund Authority (IEPF) during the financial year 2017. Details of shares transferred have been uploaded on the website of IEPF as well as Company.

21. Particulars of Employees:

The information on employees 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 – F, 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 68th Annual General Meeting.

22. Directors' Responsibility Statement:

To the best of our 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 financial statements for the year ended December 31,

2017, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if applicable;

b) for the financial year ended December 31, 2017, such accounting policies as mentioned in the Notes to the financial statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company and of the Profit and Loss of the Company for the year ended December 31, 2017;

c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the annual financial statements have been prepared on a going concern basis;

e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;

f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and are 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 – G and Annexure – H 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, 2017. The Secretarial Audit Report in Form MR-3 is given in Annexure – I, 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.

28. Directors and Key Managerial Personnel:

Mr. Frank Duggan, Chairman, resigned from Board of Directors of the Company effective February 8, 2018. Your Directors place on record their appreciation of the valuable services rendered by him during his tenure as Director/Chairman of the Company.

Mr. Jean-Christophe Deslarzes has been appointed as Director in the casual vacancy caused due to the resignation of Mr. Frank Duggan with effect from February 8, 2018. Since Mr. Duggan was to retire by rotation in this Annual General Meeting, Mr. Deslarzes would also cease to hold the office of Director at ensuing Annual General Meeting pursuant to Section 161 (4) of the Act and is eligible for appointment as Director.

Mr. Jean-Christophe Deslarzes has been appointed as Chairman of the Company effective February 8, 2018.

During the year under review there are no changes in Key Managerial Personnel of the Company. 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 Act read with Article 156 of the Articles of Association of the Company, Mr. Jean-Christophe Deslarzes (DIN: 08064621), Director, retires by rotation at the ensuing Annual General Meeting of the Company, and being eligible, offers himself for appointment.

Necessary resolution relating to Director who is seeking appointment is included in the Notice of Annual General Meeting. The relevant details of the said Director is 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. 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. All orders received by the Company during the year are of routine in nature which have no significant / material impact.

31. 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.

32. 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 Compliance Committee has been constituted for reporting and conducting inquiry in to the complaints made by the victim on the harassments at the work place. During the year 2017, no complaint of sexual harassment has been received.

33. 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, subject to ratification of their appointment at every subsequent Annual General Meeting.

A resolution seeking ratification of their appointment forms part of the notice convening the 68th Annual General Meeting and the same is recommended for your consideration and approval.

34. 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, have appointed Ashwin Solanki & Associates, Cost Accountants (Registration No: 100392) as Cost Auditor of the Company, for the financial year ending December 31, 2018, on a remuneration as mentioned in the Notice convening the 68th Annual General Meeting for conducting the audit of the cost records maintained by the Company.

A Certificate from 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 68th Annual General Meeting of the Company and same is recommended for your consideration.

Cost Audit and Compliance reports for the year 2017 were filed with the Registrar of Companies, within the prescribed time limit.

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

For and on behalf of the Board

Frank Duggan
Chairman
DIN: 02937233

Place: Mumbai
Date: February 8, 2018

Annexure – A to Directors' Report

Management's Discussions and Analysis

Economic and market overview

2017 has been a year of transition and reforms for the country. The government forecast of economic growth is at 6.5 percent in the year ended March 31, 2018 from 7.1 percent in the previous year. The first half of the year experienced a muted growth at 6 percent with the double impact of demonetization and the Goods and Services Tax (GST) while the growth in the second half of the fiscal picked up as the economy got into a recovery mode, recuperating from the short term reaction to reforms. Another factor was the increasing crude oil prices that impacted the inflation, and added pressure on the current account deficit (CAD) and the import bill.

During the period under review, Index of Industrial Production (IIP) showed a resurgence in both capital and infrastructure goods with a few exceptions in the interim months. The capital goods output witnessed a gradual expansion at 5.2 percent in August to 6.8 percent in October. Manufacturing PMI dipped to 4.6 levels during the mid-year on the economic disruptions.

There was some support from the global economy largely as the result of momentum in developed economies. The US economy reflected positive contributions from private consumption and investment activity. Another major economy, Europe witnessed healthy economic rebound underpinned by reformative monetary policy.

Rupee received support from robust Foreign Portfolio Investor (FPI) inflows to domestic equity and debt market. During the year, the rupee gained 6.5 percent and recorded first annual appreciation since 2010. The rupee remained strong compared to other currencies owing to weakening of the dollar.

Overall, the reform-led economic initiatives temporarily effected the growth of economy on all accounts impacting the private investments, liquidity and the market outlook. However the Company continued its focus on the growth fundamentals at a time of brownfield opportunities and partnered customers to deliver value through productivity and efficiency at a time of structural adjustments in the market.

Operational overview

In view of the macroeconomic and geopolitical movement within the country, the Company adopted various initiatives. It has been pursuing the PIE concept (penetration, innovation, expansion), aligning business models more closely with our core competencies.

The Company continued to improve operational efficiency by encouraging growth-oriented performance, increasing focus on customer engagements, and bringing consistent improvements in cost structures and internal efficiencies to reduce the economic impact that was affecting the liquidity. However, repeated changes to GST structure and GST teething problems continue to pose downside risks.

During the year, ABB Group announced a few strategic partnerships and acquisitions. This included the acquisition of B&R, which helps close a historical gap in machine and factory automation offering and cement its position as the global number two player in industrial automation. ABB Group also announced a strategic collaboration with IBM, to bring together ABB's industry leading the digital offering, ABB Ability™, with IBM Watson Internet of Things cognitive capabilities to unlock new value for customers. Some of the other strategic announcements include the partnership with Hewlett Packard Enterprise (HPE) to provide actionable insights across industrial plants, cloud and on-premises data centers for higher productivity and innovation. ABB Group is shifting its center of gravity through strengthening competitiveness, higher organic growth and lowering risk. The Company has been taking the lead in driving the next level of evolution in the sectors led by digitalization, fourth industrial and energy revolution.

Looking ahead, 2018 will mark a new chapter for ABB, where the Company further showcases its strengths in automation and digitalization-driven solutions and collaborates deeper with industry thought leaders and customers to increase its install base across its focus sectors.

During the year, orders touched Rs 9,490 crore as against Rs 12,466 crore in the previous year. Excluding the one-time mega HVDC and the large traction transformer orders in 2016, in 2017, the orders witnessed a healthy growth of 19 percent, reflecting the technology push and the continued traction in transportation and renewable energy.

Despite the macro economical hiccups, profit before tax grew substantially to Rs 622 crore in 2017 as compared to Rs 573 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 12 percent at Rs 420 crore for the current year as compared to Rs 374 crore in the previous

year. Consequently, the earnings per share for 2017 stood at Rs 19.82 per share as compared to Rs 17.67 in 2016.

Services

In a market driven by investments towards brownfield and operational expenditure, our value-based engagement with customers ensured that we kept the momentum going. The Company bagged various repeat orders from multiple customers and new service orders that give a firm reflection of the confidence and trust that our stakeholder's repose in ABB's capabilities and approach. During the year, we inaugurated the remote monitoring center for drives in Bengaluru, third in ABB globally, and initiated the functioning of Collaborative Operations Center that would redefine industrial services. ABB launched ABB Ability™ platform supporting more than 180 digital solutions across sectors. The platform enables the Company to offer high-value digitalization services such as asset management, predictive services, alarm management, being offered to the customers currently.

In an era of connected devices, it is imperative to collaborate and co-create for mutual and assured success. To this end, the Company adopted a customer-centric approach and consultative attitude to leverage on a strong foundation of huge installed base built over many decades. This is enhancing the customer confidence, opening up newer engagement opportunities for the Company.

During the year, key customers including Asian Paints, Vedanta Group, Lafarge Holcim, National Aluminum Corporation Limited (NALCO), etc., recognized the Company for its service commitment and Reliance Group, Power Grid Corporation of India (PGCIL), Jindal Steel Works (JSW) Group, Oil and Natural Gas Corporation Limited (ONGC), Steel Authority of India Limited (SAIL), Adani Group, Ultratech Cement, Tata Sons, Indian Oil, National Thermal Power Corporation (NTPC), extended their service engagement with the Company.

Exports

2017 has been a landmark year for exports led by projects in grid automation, motors and generators, and electrification products. Despite global uncertainties, demand from a few regions such as the Indian subcontinent, South-East Asian and African markets remained healthy owing to the ongoing investments in infrastructure as well as towards setting up a robust power transmission and distribution networks.

Good mix of base and large orders resulted in a strong performance. A strong team effort across countries and business units backed by extensive market research, project assessment and continuous customer pursuit, helped in bagging these orders.

The Company received a significant order from Bombardier for metro project in Bangkok. Other marquee orders included first 400 kV GIS substation in Nepal, 650 MW Combined Cycle Power Plant in Indonesia, electrics and automation for MISCO, Oman, and more. The Company also bagged its first order for Medium Voltage Leangear, a product developed in India for Sri Lanka. These orders reflected in an impressive hike in the overall contribution to the orders of ABB India.

Operational excellence

ABB had embarked on a transformative journey adopting the next level strategy to achieve profitable growth, relentless execution, and business-led collaboration. As a part of this, the Company focused on shaping its business divisions into four market-leading entrepreneurial units and becoming the partner of choice in its industry segments.

During the year, the Company adopted various initiatives across people and processes aimed at strengthening our positioning in uncertain markets. We focused towards reducing backlogs while enhancing production capacity utilization and bringing improvements in quality of receivables to shield ourselves from the impact of macroeconomic and political movements impacting the economy.

Outlook

Revival in the global markets and stabilization of GST processes will help create a conducive environment for industrial growth in the country. These would be complemented by government policies paving way for an inclusive sustainable growth. The existing central initiatives such as Power for All, Make in India, Smart Cities, Digital India, adopting electric vehicle charging, modernization of the existing infrastructure in railways, ports and metro are expected to receive a further boost. Various state governments are also looking at building sustainable transportation and infrastructure, and enhance efficiency in energy transmission and distribution. This will open up newer opportunities in the country.

The Company is expecting to continue its value based engagements with the customers 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 operational excellence adopting innovations to bring value to the stakeholders.

In the short term, economic and political developments within the country are signaling reduced uncertainty and promise of stronger growth.

Power Grids

Summarized performance:

(₹ in crore)

Particulars	2017	2016
Orders	**3,706**	7,369
Order backlog	**7,699**	8,494
Revenue	**3,832**	3,691
Results	**243**	169

Power Grids division offers power and automation products, systems and services across the power value chain. Government focus on power generation, transportation and infrastructure resulted in many opportunities in renewables especially solar, and metro and railways.

During the year, Karnataka government recognized the Company for its contribution to restoration and modernization of the critical Sharavathy hydroelectric power plant in Karnataka, at the state's first Power Awards ceremony.

Power Grids completed Site Acceptance Test (SAT) at the world's largest and one of the most complex refineries, which is using ABB's energy management system to adapt fast load shedding scheme for electrical network.

The Company successfully commissioned and operationalized the world's first multi-terminal ultra-high-voltage DC link with full converter capacity of 8,000 MW. This high-power transmission link of 1,728 km from the North East to Agra establishes our production capability of converter transformers and demonstrates our engineering muscle in India.

ABB India is the only Indian manufacturer to successfully test 765 kV generator step up and Tie transformers at KEMA. The Company achieved another milestone of releasing the first batch of locally manufactured 400 kV Gas Insulated Switchgear (GIS) bays for the largest transmission network in the country. The Division sustained its leadership position in 2017 with orders from transmission, solar and rail/metro sectors.

Major orders booked during the year:

- 115 kV/22 kV/415 V and 750 V DC substations for traction power supply and distribution for a metro project
- Power Grids Corporation Bangladesh substation orders for grid strengthening
- 400 kV GIS substation order from Nepal Electricity Authority
- 765 kV transformers and reactors from an Oil & Gas major
- EBOP order for 1 X 525 MW TPP at Tuticorin from an Engineering firm

Major orders successfully commissioned during the year:

- North East Agra HVDC project in multi-terminal mode.
- 2 X 400 kV and 1 X 800 kV HVDC transformers for North East-Agra HVDC project
- 132 kV & 66 kV substation for 2,000 MW Solar park at Pavagada
- EBOP - 660 MW NCC – Unit 2
- 143 MW solar PV Project, a renewable power project

Segment outlook

The renewables outlook looks brighter with the conducive policy environment. However, a slow pace of project commissioning remains to be a concern as Utilities are trying to re-negotiate PPAs (Power Purchase Agreements), which could lead to uncertainty and impact this growth.

Transmission projects through Tariff-Based Competitive Bidding (TBCB) route are expected to increase. With new projects through both regulated and TBCB route under various stages of the bidding process, CAPEX for major state transmission utilities is expected to improve the potential of distributed generation technology like microgrids hold promise for various energy-intensive factories that rely on a stable power supply for their day-to-day operations.

Metro rail projects continue to receive significance with over 25 projects in various stages of planning and ordering. An ambitious target of track electrification in Railways will also lead to opportunities for track-side equipment and locomotive transformers.

We expect the market to remain stable with demand led by government spending in renewables, transportation and infrastructure sectors. With TBCB route for transmission projects and falling tariffs in solar projects, we will see sustained price pressure and competition. CAPEX from industries could see the recovery in second half of 2018.

Industrial Automation

Summarized performance:

(₹ in crore)

Particulars	2017	2016
Orders	**1,525**	1,303
Order backlog	**1,155**	1,032
Revenue	**1,409**	1,485
Results	**170**	158

Greenfield investments were subdued with more focus on OPEX investments for greater productivity and optimization of assets. Core sectors such as steel and cement remained flat than de-grow as seen previously, however the export thrust has helped grow volumes. Certain government policies have helped the mining sector but were negated by surrendering of mining rights by many companies. The mining and mineral processing segment for base metals (Zinc, Copper, etc) is seeing an uptick in activity and significant orders were picked up in electricals and automation.

Food and Beverage (F&B) and Pharma continue to see investments owing to the huge local demand and consumption. New growth areas of digitalization saw significant order intake. While no significant investments were made towards adding capacities, measurement and analytical products gained strong market hold specifically in power and water sectors through better and focused marketing efforts.

Oil & Gas sector though has been dormant over the past couple of years, the business did well by focusing on new areas of growth and developing local software solutions.

In the Railways segment, the turbocharging business secured a complete market share in ALCO 3,300 HP turbochargers with 30 percent growth in the export components. First export to Russia and production of 445+ turbochargers were some of the key highlights for this segment.

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. Despite stagnant market conditions, the business had breakthrough orders for automation of four new 660 MW super-critical thermal units, and securing market leading position in Flame scanners, which are specialized equipment. The business achieved number one position in the country in terms of automation orders won for cumulative thermal and hydro segments.

The division won three major awards namely The Karnataka Government, India Smart Grid Forum and an Asian Power Award in the power sector.

Service business sustained reasonable growth by leveraging OPEX investment being made across core sectors.

Major orders booked during the year:

- An enterprise-wide service partnership and digital transformation for a leading cement manufacturer.
- Engineering, supply, testing, installation and commissioning for automation and electricals in the LPG segment
- Power plant automation order for a 660 MW super critical thermal power plant
- Significant orders in the area of digitalization were recorded covering smart factory solutions in F&B sector, mobility solutions in pharma including one of the largest automation orders for a leading paint manufacturer

Major orders successfully commissioned during the year:

- Electrification and drives for blast furnace and sinter plant at mining and steel major
- Electrification, drives and automation as part of supply of two eHouses for a cement major
- Electricals for main receiving and underground substation for a leading mining company
- Paper machine drives for paper making firm
- Major export order for electricals and telecom for an oil import terminal in Africa

Segment outlook

The core industry segment continues to focus on improving internal operational efficiencies including implementing some digitalization solutions to improve customer responsiveness. Several more digitalization solutions are on the anvil to help strengthen the core offering and make the segment more competitive. We see brownfield expansion activities in the cement sector while the steel players are largely focused on acquisitions. On the other hand, base metals will see some major expansion plans while coal will remain subdued.

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

Summarized performance:

(₹ in crore)

Particulars	2017	2016
Orders	**2,008**	1,817
Order Backlog	**1,723**	1,620
Revenue	**1,936**	1,936
Results	**163**	172

The division continued to focus on the light industry with increased penetration in the F&B, HVAC, water and wastewater. There is also a substantial growth in railway business and number of robots sold. Deeper penetration into tier-II cities with wider channel network and solution focused partners for OEMs assumes priority. Also, the highest priority is given to superior customer experience with high emphasis on quality. During the year, we launched a Drives Remote Service Centre that provides 24x7 access to information and support to our customers for predictive maintenance and condition monitoring across industries. Moving a step further, we worked on introducing local language adaptations for drives to increase ease of use and access for our customers.

Certain milestones in the business were achieved through completion of key projects like Asia's largest tunnel (Chenani-Nashri tunnel) commissioned with transverse ventilation system enabled by ABB drives.

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

- ACS560 and ACS580 series drives production line in Peenya, Bengaluru
- ACS880 industrial multi drive modules now manufactured in India
- NMK slip-ring high energy efficiency motors launched during the year

Major orders booked during the year:

- Propulsion system and composite converter orders from Chitaranjan Locomotive Works (CLW)
- Traction battery charger order from Alstom
- Major motor orders received from WPIL, Flowserve, WILO, ITT Industries, ISGEC Heavy Industries Ltd, Lohia Group and Sulzer
- 25 Smart Sensors orders received across industry
- Robotics order from various automotive firms

Segment outlook

With several key reforms already in place, there is certainly positive momentum in several sectors. These include investments in energy efficiency technologies, renewable sector, Oil & Gas, F&B, and Water. While heavy industries could take some time to rebound, the light industry portfolio together with infrastructure and transportation holds enough promise to drive future growth. The division's portfolio is well aligned to leverage these positive factors in the market.

Awards and recognition

For the second time in a row the Company received 'Wind Turbine Generator manufacturer of the year' award at the India Wind Energy Forum (IWEF) Award 2017.

Large Motors and Generator Unit, Vadodara was recognized as a Leader in the category of 'Excellence in Operations Management – Power sector' at the 25th National Quality Summit organized by CII Institute of Quality.

Electrification Products

Summarized performance:

(₹ in crore)

Particulars	2017	2016
Orders	**2,481**	2,303
Order backlog	**1,170**	1,032
Revenue	**2,439**	2,390
Results	**281**	284

Electrification Products 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. We have grown across all channels and products on a continuous basis with more than 300 distributors spread across 105 cities. Our continued emphasis on local manufacturing is resulting in faster 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 MGS 100 Microgrid solution from India and Adiya range of Switches – foray into retail business for the division. We also installed an Electric Vehicle fast charging station at NITI Aayog.

Major orders booked during the year:

- First orders for PVS 100 / 100 kW inverters, and Inverters for a 7.5 MW canal top project received from an Food & Beverage conglomerate
- 100 MW order for a state power generation in west India
- Supply of GIS (33 kV & 11 kV) and RMU (33 kV & 11 kV) for building first industrial corridor in India
- 11 kV 50 kA and 40 kA AIS switchgear for thermal power project
- Providing solar power solutions for various airports across the country

Segment outlook

There was a healthy mix of orders for products, however, the market segments are expected to grow further in the coming year driven by strong government spending in power, infrastructure, transportation and housing sector. Demand for energy efficient solutions, smart systems in infrastructure, and innovative product solutions in renewable space is expected to increase. The market is also moving towards better quality products with a good lifecycle requirement. The change in the market trend that started a couple of years back on type-tested boards is opening a distinct market for switchboard offering and also increasing our engagement with integrators.

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 crucial for bringing stronger growth.

Human Resources

The Company's Human Resources function is valued as a backbone of support to the business. Over the last year, the Company's human resources made great strides by delivering transformation and stabilizing the new three-pillar HR model that was set up in the previous year. The Company continued to create a culture that drives performance and openness towards change by simplifying internal processes through a collaborative effort between various teams. Providing a stable work environment in a challenging market and maximizing the potential of the workforce was pivotal to bringing efficiency and quality to the employee experience.

ABB's talent management approach is influenced by the dynamic industry landscape and is geared to deliver growth in the current and emerging business context. The Company's people strategy focusses on building a culture that nurtures talent and drives strong performance. The enhanced performance management and talent strategy focus on building a healthy pipeline by attracting, assessing and developing quality talent and reviewing people actions on a regular basis. In addition, the Company's efforts are geared towards improving diversity and building an inclusive culture through several initiatives and programs that were launched at various levels of the organization during the year. These initiatives, along with opportunities for global mobility, also help the Company to proactively manage talent in the key functional areas and strengthen its position as a preferred employer. One of the notable initiatives adopted across the company was encouraging employees to improve performance by bringing in personal and professional growth.

In 2016, the Company introduced 'Values in Action, in alignment with the business strategy, helping the Company improve its performance and also adding purpose to the work it does. During the year, the Company ensured that every employee understands how these values support the execution of the ABB strategy and how each one of them can contribute personally to bring the values to life.

Industrial relations remained cordial and harmonious across all manufacturing locations. At the close of the year, the Company had 5,590 permanent employees, as against 5,603 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. Nevertheless, the Company's reputation in the market and long-term goodwill with leading banks ensured advantageous arrangements of various finance facilities. In 2017, the interest cost borne by the Company was Rs. 77 crore compared to Rs. 92 crore in 2016. As of December 31, 2017, the Company had the net cash balance of Rs. 883.31 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. Starting January 1, 2017, the Company has adopted Ind AS, accounting standard.

Internal control systems and Integrity

Internal Controls in the Company have 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 (Group Risks & Control Management) 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 Risk Management Committee assists the Board in risk assessment, formulation and implementation of guidelines, management of key risks, risk minimization procedures and review.

The key elements of the company's risk management framework have been captured in the risk management policy, which details the process for identifying, escalating, prioritizing, mitigating and monitoring key risk events and action plans. The assessment of the risks covers areas of Strategy, Technology, Finance, Operations and Systems, Legal & Regulatory and Human Resources. There are appropriate assurance and monitoring mechanisms in place to monitor the effectiveness of the risk management framework including the mitigation plans identified by the management for key risks identified through the risk management exercise. The risk management committee evaluates the effectiveness of the risk management framework and systems.

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. The outcome of business review meetings regarding processes and their compliance, as well as observations of the Risk Management Committee and the Board of Directors, are continuously incorporated into Risk Management Framework.

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 31.12.2017

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 Computershare 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	69.08	2(46)

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)	Promoter and Promoter Group									
(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)	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds / UTI	5704547	0	5704547	2.69	12443032	0	12443032	5.87	3.18
(b)	Financial Institutions / Banks	20885528	7200	20892728	9.86	16608032	4660	16612692	7.84	-2.02
(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	9263312	1305	9264617	4.37	6553527	0	6553527	3.09	-1.28
(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):	35853387	8505	35861892	16.92	35604591	4660	35609251	16.80	-0.12
(2)	Non-Institutions									
(a)	Bodies Corporate	1757718	20379	1778097	0.84	1863188	9369	1872557	0.88	0.04
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹ 1 lakh	12136206	2659602	14795808	6.98	12379059	1938498	14317557	6.76	-0.23
	(ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	165720	0	165720	0.08	135185	0	135185	0.06	-0.01
(c)	Others									
	Clearing Members	18330	0	18330	0.01	95778	0	95778	0.05	0.04
	Foreign Nationals	0	705	705	0.00	0	705	705	0.00	0.00
	Non Resident Indians	149219	440	149659	0.07	134641	440	135081	0.06	-0.01
	NRI Non-Repatriation	188451	0	188451	0.09	258784	0	258784	0.12	0.03
	NRI Repatriation	5385	3265	8650	0.00	2883	1000	3883	0.00	0.00
	Trusts	3902	5880	9782	0.00	10790	0	10790	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2):	14424931	2690271	17115202	8.08	15417831	1950012	17367843	8.20	0.12
	Total B=B(1)+B(2):	50278318	2698776	52977094	25.00	51022422	1954672	52977094	25.00	0.00
	Total (A+B):	209209599	2698776	211908375	100.00	209953703	1954672	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):	209209599	2698776	211908375	100.00	209953703	1954672	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	146390951	69.08	0	0
2.	ABB Norden Holding AB	12540330	5.92	0	12540330	5.92	0	0
	Total	**158931281**	**75.00**	**0**	**158931281**	**75.00**	**0**	**0**

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

There was no change in the Promoters' shareholding during the Financial Year 2017.

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					
	01/01/2017	Opening Balance	17342297	8.18	-	-
	05/05/2017	Sale	31739	0.01	17310558	8.17
	12/05/2017	Sale	49788	0.02	17260770	8.15
	19/05/2017	Sale	77484	0.04	17183286	8.11
	26/05/2017	Sale	43883	0.02	17139403	8.09
	02/06/2017	Sale	30383	0.01	17109020	8.07
	23/06/2017	Sale	7852	0.00	17101168	8.07
	30/06/2017	Sale	2462	0.00	17098706	8.07
	07/07/2017	Sale	101006	0.05	16997700	8.02
	14/07/2017	Sale	573391	0.27	16424309	7.75
	21/07/2017	Sale	8884	0.00	16415425	7.75
	13/10/2017	Sale	65922	0.03	16349503	7.72
	20/10/2017	Sale	45891	0.02	16303612	7.69
	27/10/2017	Sale	265835	0.13	16037777	7.57
	31/10/2017	Sale	122352	0.06	15915425	7.51
	03/11/2017	Sale	149126	0.07	15766299	7.44
	10/11/2017	Sale	350874	0.17	15415425	7.27
	01/12/2017	Sale	93092	0.04	15322333	7.23
	08/12/2017	Sale	402120	0.19	14920213	7.04
	15/12/2017	Sale	89744	0.04	14830469	7.00
	22/12/2017	Sale	50370	0.02	14780099	6.97
	29/12/2017	Sale	340831	0.16	14439268	6.81
	30/12/2017	Closing Balance	-	-	14439268	6.81
2	ABERDEEN GLOBAL INDIAN EQUITY LIMITED - IN30179910076701					
	01/01/2017	Opening Balance	3225870	1.52	-	-
	07/04/2017	Sale	375000	0.18	2850870	1.35
	09/06/2017	Sale	150000	0.07	2700870	1.27
	07/07/2017	Sale	24802	0.01	2676068	1.26
	14/07/2017	Sale	363232	0.17	2312836	1.09
	21/07/2017	Sale	111966	0.05	2200870	1.04
	22/12/2017	Sale	55173	0.03	2145697	1.01
	29/12/2017	Sale	44827	0.02	2100870	0.99
	30/12/2017	Closing Balance	-	-	2100870	0.99

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
3	HDFC TRUSTEE COMPANY LIMITED - HDFC TOP 200 FUND - IN30005410009118					
	01/01/2017	Opening Balance	2055200	0.97	-	-
	09/06/2017	Sale	500000	0.24	1555200	0.73
	30/12/2017	Closing Balance	-	-	1555200	0.73
4	RELIANCE CAPITAL TRUSTEE CO. LTD. - A/C RELIANCE TAX SAVER - IN30016710015686					
	01/01/2017	Opening Balance	1440000	0.68	-	-
	03/03/2017	Purchase	27000	0.01	1467000	0.69
	10/03/2017	Sale	2344	0.00	1464656	0.69
	17/03/2017	Sale	56136	0.03	1408520	0.66
	21/07/2017	Purchase	7000	0.00	1415520	0.67
	25/08/2017	Purchase	61980	0.03	1477500	0.70
	01/09/2017	Purchase	7500	0.00	1485000	0.70
	08/09/2017	Purchase	108000	0.05	1593000	0.75
	15/09/2017	Purchase	27000	0.01	1620000	0.76
	22/09/2017	Purchase	27000	0.01	1647000	0.78
	29/09/2017	Purchase	71100	0.03	1718100	0.81
	13/10/2017	Purchase	27000	0.01	1745100	0.82
	27/10/2017	Purchase	70000	0.03	1815100	0.86
	31/10/2017	Purchase	278346	0.13	2093446	0.99
	10/11/2017	Purchase	71525	0.03	2164971	1.02
	17/11/2017	Purchase	4600	0.00	2169571	1.02
	24/11/2017	Purchase	26329	0.01	2195900	1.04
	01/12/2017	Purchase	65000	0.03	2260900	1.07
	08/12/2017	Purchase	52100	0.02	2313000	1.09
	15/12/2017	Purchase	22000	0.01	2335000	1.10
	29/12/2017	Purchase	15000	0.01	2350000	1.11
	30/12/2017	Closing Balance	-	-	2350000	1.11
5	LIFE INSURANCE CORPORATION OF INDIA P & GS FUND - IN30081210501340					
	01/01/2017	Opening Balance	1170068	0.55	-	-
	05/05/2017	Sale	2637	0.00	1167431	0.55
	12/05/2017	Sale	77001	0.04	1090430	0.51
	19/05/2017	Sale	40473	0.02	1049957	0.50
	26/05/2017	Sale	40577	0.02	1009380	0.48
	02/06/2017	Sale	96153	0.05	913227	0.43
	16/06/2017	Sale	68587	0.03	844640	0.40
	23/06/2017	Sale	29162	0.01	815478	0.38
	30/06/2017	Sale	840	0.00	814638	0.38
	07/07/2017	Sale	22001	0.01	792637	0.37
	14/07/2017	Sale	108203	0.05	684434	0.32
	21/07/2017	Sale	1304	0.00	683130	0.32
	13/10/2017	Sale	61860	0.03	621270	0.29
	20/10/2017	Sale	20000	0.01	601270	0.28
	27/10/2017	Sale	332820	0.16	268450	0.13
	31/10/2017	Sale	252110	0.12	16340	0.01
	03/11/2017	Sale	797	0.00	15543	0.01
	01/12/2017	Sale	15543	0.01	0	0.00
	30/12/2017	Closing Balance	-	-	0	0.00
6	GENERAL INSURANCE CORPORATION OF INDIA - IN30081210000029					
	01/01/2017	Opening Balance	1141053	0.54	-	-
	26/05/2017	Sale	1070	0.00	1139983	0.54
	01/12/2017	Sale	14000	0.01	1125983	0.53
	08/12/2017	Sale	21782	0.01	1104201	0.52
	15/12/2017	Sale	1086	0.00	1103115	0.52
	22/12/2017	Sale	3115	0.00	1100000	0.52
	30/12/2017	Closing Balance	-	-	1100000	0.52

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
7	VANGUARD EMERGING MARKETS STOCK INDEX FUND - IN30016710011470					
	01/01/2017	Opening Balance	891632	0.42	-	-
	06/01/2017	Purchase	1188	0.00	892820	0.42
	13/01/2017	Purchase	4620	0.00	897440	0.42
	20/01/2017	Purchase	2424	0.00	899864	0.42
	03/02/2017	Purchase	5278	0.00	905142	0.43
	17/02/2017	Purchase	2020	0.00	907162	0.43
	24/03/2017	Purchase	4590	0.00	911752	0.43
	31/03/2017	Purchase	4488	0.00	916240	0.43
	07/04/2017	Purchase	3943	0.00	920183	0.43
	28/04/2017	Purchase	1020	0.00	921203	0.43
	05/05/2017	Purchase	7105	0.00	928308	0.44
	12/05/2017	Purchase	2550	0.00	930858	0.44
	19/05/2017	Purchase	5508	0.00	936366	0.44
	02/06/2017	Purchase	2244	0.00	938610	0.44
	07/07/2017	Purchase	3570	0.00	942180	0.44
	14/07/2017	Purchase	2550	0.00	944730	0.45
	04/08/2017	Purchase	2244	0.00	946974	0.45
	11/08/2017	Purchase	2958	0.00	949932	0.45
	01/09/2017	Purchase	3672	0.00	953604	0.45
	08/09/2017	Purchase	5202	0.00	958806	0.45
	15/09/2017	Purchase	4692	0.00	963498	0.45
	06/10/2017	Purchase	3060	0.00	966558	0.46
	13/10/2017	Purchase	3162	0.00	969720	0.46
	20/10/2017	Purchase	2346	0.00	972066	0.46
	27/10/2017	Purchase	2142	0.00	974208	0.46
	22/12/2017	Sale	1326	0.00	972882	0.46
	30/12/2017	Closing Balance	-	-	972882	0.46
8	RELIANCE CAPITAL TRUSTEE COMPANY LIMITED - IN30016710000279					
	01/01/2017	Opening Balance	702900	0.33	-	-
	24/03/2017	Sale	8544	0.00	694356	0.33
	31/03/2017	Sale	64356	0.03	630000	0.30
	07/04/2017	Sale	90000	0.04	540000	0.25
	13/10/2017	Purchase	45000	0.02	585000	0.28
	27/10/2017	Purchase	50000	0.02	635000	0.30
	31/10/2017	Purchase	175000	0.08	810000	0.38
	17/11/2017	Purchase	25574	0.01	835574	0.39
	24/11/2017	Purchase	1426	0.00	837000	0.39
	30/12/2017	Closing Balance	-	-	837000	0.39
9	NATIONAL INSURANCE COMPANY LTD - IN30081210000502					
	01/01/2017	Opening Balance	584070	0.28	-	-
	23/06/2017	Sale	14500	0.01	569570	0.27
	21/07/2017	Sale	8000	0.00	561570	0.27
	27/10/2017	Sale	15000	0.01	546570	0.26
	30/12/2017	Closing Balance	-	-	546570	0.26
10	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND - IN30343810003257					
	01/01/2017	Opening Balance	579930	0.27	-	-
	06/01/2017	Purchase	2434	0.00	582364	0.27
	27/01/2017	Purchase	5892	0.00	588256	0.28
	03/02/2017	Purchase	10863	0.01	599119	0.28
	03/03/2017	Purchase	9471	0.00	608590	0.29
	10/03/2017	Purchase	5607	0.00	614197	0.29
	19/05/2017	Purchase	20433	0.01	634630	0.30
	24/11/2017	Purchase	12296	0.01	646926	0.31
	30/12/2017	Closing Balance	-	-	646926	0.31

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. Udwadia	01.01.2017	At the beginning of the year	3500	0.002	-	-
		31.12.2017	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 2017.

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**	**600.04**	**NIL**	**600.04**
ii) Interest due but not paid	**NIL**	**Nil**	**NIL**	**Nil**
iii) Interest accrued but not due	**NIL**	**3.13**	**NIL**	**3.13**
Total (i+ii+iii)	**NIL**	**603.17**	**NIL**	**603.17**
Change in Indebtedness during the financial year				
- Addition	**NIL**	**12.01**	**NIL**	**12.01**
- Reduction	**NIL**	**(3.70)**	**NIL**	**(3.70)**
Net Change	**NIL**	**8.31**	**NIL**	**8.31**
Indebtedness at the end of the financial year				
i) Principal Amount	**NIL**	**608.35**	**NIL**	**608.35**
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**

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	5,10,10,217
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	55,72,973
	(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, Mediclaim, PF Company contribution and Meal voucher)	29,41,012
7.	Total (A)	5,95,24,202
	Ceiling as per the Act	31,77,78,786

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. Udwadia	Mrs. Renu Sud Karnad	
2.	Fee for attending Board / Committee meetings	2,30,000	2,40,000	2,00,000	6,70,000
3.	Commission*	39,00,000	31,00,000	24,50,000	94,50,000
4.	Others, please specify	-	-	-	
	Total(1)	41,30,000	33,40,000	26,50,000	1,01,20,000
		Name of Other Non-Executive Directors			
1.	Name	Mr. Frank Duggan	Mr. Tarak Mehta	–	
2.	Fee for attending Board / Committee meetings	-	-	-	-
3.	Commission*	-	-	-	-
4.	Others, please specify	-	-	-	-
	Total(2)	-	-	-	-
	Total (B)=(1+2)	41,30,000	33,40,000	26,50,000	1,01,20,000
	Total Managerial Remuneration (A + B) **				6,89,74,202
	Overall Ceiling as per the Act				69,91,13,329

* Commission for the year 2016 paid in the year 2017

** 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	1,00,59,934	1,32,04,772	2,32,64,706
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	39,600	39,600	79,200
	(c) Profits in lieu of salary u/s 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, Mediclaim, PF Company contribution and Meal voucher)	9,36,123	11,97,188	21,33,311
	Total (C)	**1,10,35,657**	**1,44,41,560**	**2,54,77,217**

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

Frank Duggan
Chairman
DIN: 02937233

Place: Mumbai
Date: February 8, 2018

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.

1. Ratio of the remuneration of each Executive Director to the median remuneration of the employees of the Company for the Financial Year 2017, the percentage increase in remuneration of Chief Executive Officer (MD), Chief Financial Officer and Company Secretary during the Financial Year 2017.

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	61:1	7.50%
2.	Mr. T. K. Sridhar	Chief Financial Officer	15:1	18.00%
3.	Mr. B. Gururaj	Company Secretary	11:1	7.00%

Notes:

a) Percentage of increase in remuneration is effective March 1, 2017.

b) 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.

2. Percentage increase in the median remuneration of employees for the financial year: 10%.

3. Number of permanent employees on rolls of the Company as on December 31, 2017: 5,590

4. 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.

5. Affirmation that the remuneration is as per remuneration policy of the Company: Yes

For and on behalf of the Board

Frank Duggan
Chairman
DIN: 02937233

Place: Mumbai
Date: February 8, 2018

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:

- Installed a centralized 1600 KVA automatic voltage regulator which maintains minimum required voltage in the plant & thus saving energy due to over voltage.
- Replaced MHL lamps and CFL Lights by energy efficient LED lights.
- Replaced Technology Center conventional Air conditioners by VRF Air-conditioning units which are more energy efficient.
- MVD testing feeder transfer to separate dedicated feeder in HT Yard
- Automation of Compressed Air system of common location and Distribution & Automation factory reduced air wastages and thus savings in Energy.
- Power saving in lighting achieved by installing Motion sensors.
- Upgradation of Air Ambiator system of Motors & Generators factories by replacing old system with upgraded and energy efficient installation has resulted in saving of both water and power.
- Installed energy efficient HVLS fans which has reduced AHU.
- Installation of IE3 induction motors on Plant m/cs & air compressor (IE3 Motors capacity -85 KW replaced).
- Power factor for the year 2017 was maintained at 0.99 by identifying and replacing Faulty capacitors, increasing the frequency of periodic/preventive maintenance of capacitor banks, replacement of fixed capacitor bank by Automatic power factor correction panel and installation of new capacitor bank at load centers.
- The change in operation mode (delta to Star) of air ambiator in Turbochargers has improved the efficiency of overall system which has given considerable energy savings.
- Replaced low energy efficient oven pumps and increased the monitoring of oven cycle as well as chiller operation for energy saving in Instrument Transformer Factory.
- Operating time interval of sequential timer was increased in Dust collector system to minimize the air consumption thus reducing the load on air compressor.
- Pneumatic System has been interlinked for various buildings to minimize the compressor Operation.
- Installation of Servo Stabilizer in Shop floor and certain office lighting reduced maintenance cost and saving in energy.

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 5.95 million units resulted in reduction of CO_2 emission in line with ABB's commitment to Sustainability.
- Installation of Solar tube day lighting units in new VPI shed
- Installation of 100 KW Grid synchronized Roof top Solar panel
- ABT HT Energy Meter replaced instead of TOD for using Green Power (solar)

3. The Capital Investment on energy conservation equipments:

- The Mysore unit has commissioned 66KV Sub-station which has resulted in significant reduction in Diesel fuel for captive power generation and reduction of fossil fuel consumption.
- Commissioning of new boiler by replacing old less efficient boilers.
- Installation of new Fire Hydrant pipe lines reduced water leakages from underground pipes at Faridabad facility.
- New AHUs installation with Energy Efficient blower with lower KW rating blower motors (11 KW to 9.3 KW).

B. Technology absorption

1. The efforts made towards technology absorption:

- Vehicle control unit for railway.
- IE4 energy efficient low voltage motors in 160 to 250 frames.
- Launched OVR 38 – 38 kV, 1200A, 16 kA Vacuum Auto recloser with Controller for feeder automation solution.
- EW CWA Range ADIYA Developed and launched.
- DBL2 product development in progress in EPPC.
- Outdoor inverter PVS 980 delivered from India.
- New Indoor inverter with extended range up to 2 MWP launched.
- Micro gird solution MGS 100 launched for the world market from India.
- EV Charging stations, Terra 53 launched in India.
- Combiflex High Burden trip relay.
- Integration of Micro grid system with lead-acid battery in projects.
- Instrument transformers IMB 245 (800 to 2000 A) and IMB 420 (2000 A).
- Redesign of traction converter for railway.
- On MV switchgear Panel – UniGear Type ZS1- rating has been extended up to 50 kA (from 40 kA) and we can offer solution with copper and Aluminum busbar upto 3150A.
- OVB-VBF 36 kV rating has been extended to 31.5 kA, 2500A from 25kA, 2000A respectively.
- SNIEO and CHEIRON Range quality issues have being resolved and product improvements completed.
- Improvement in STATCON with harmonic mitigation.
- Improvement in ELK3 (420kV GIS) which now can be transported fully assembled & tested from factory in a bay form.
- Type test of 145kV Coupling capacitor with synthetic oil.
- Hybrid CVT 170kV (CPB-H170), portfolio enhancement to 170kV systems.
- New modular induction motors in frames 400 to 630.
- Next generation TEFC motors in frames 315 & 500.
- Manual Production Line installed and successful running for nMCB's.
- Tmax XT & its accessories localization.
- GAF 750 Localization.
- New Micro grid solution to address residential and village electrification, MGS 100 launched.
- Supply of substation automation system for digital SS.
- Oil Impregnated Electromagnetic unit for 145kV CVT.
- Skid metering solutions for oil and gas.
- Advance blend control for refining and petrochemicals.

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

• NXR Motors technology	2015
• IEC 61850 based GOOSE communication implementation for tele Protection with NSD 570	2015
• Relion 670 2.0 version	2015
• 36kV RMU (Safe Ring, Safe Plus) Structure	2015
• 145kV GIS	2015
• DC Capacitors	2015
• Active Harmonic filter	2015
• Tmax XT MCCB	2016
• OTDC Local assembly	2016
• 145kVGIS	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

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)
	2017	2016
(i) Foreign Exchange earned	**1,229.2**	1,297.5
(ii) Foreign exchange used	**3,293.5**	2,975.3

For and on behalf of the Board

Frank Duggan
Chairman
DIN: 02937233

Place: Mumbai
Date: February 8, 2018

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 contribution and 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 to provide 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 ABB India's in the year includes:
   - Development of a solar energy based village micro grid for rural electrification, for affordable and continuous power availability in rural areas in partnership with a premium technology and research institute
   - Contribution to mid-day meal scheme to select Government schools in the state of Karnataka and Maharashtra
   - Setting up of a "Simulation Centre of Excellence (CoE)" for electrical equipment at a premium Government research and technical institute.
   - Promotion of primary education among children and to impart skills training to select women from villages
   - Contribution towards running a special school to mainstream children with disability
   - Contribution towards running mobile science laboratories for select Government schools across several regions in the country

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. 466.42 Crore

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

   The Company during the financial year 2017 is required to spend Rs. 9.33 Crore towards CSR.

5. Details of CSR spent during the financial year:

The Company has spent Rs 9.48 Crore with respect to the following projects:

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	Amount Spent on the project or programs	Cumulative Expenditure Upto Reporting period	Amount spent: Direct or through implementing Agency	Details of Implementing agency
			(1) Local area or other	(1) Direct expenditure on Project or programs			
			(2) State and District where Project or programs implemented	(2) Overheads			
1	Sponsoring mid-day meals for the humanitarian programme for around 15,000 children of identified Government schools	Promoting Education	Mysore, Bengaluru, Karnataka; Vadodara Gujarat	14,911,300	14,911,300	Through Implementing Agency	The Akshaya Patra Foundation
2	Contributions towards establishing a Simulation Centre of Excellence (SCoE) to cater to various R&D activities related to electrical equipment and other devices used in industrial automation and power sectors	Promoting Education	Chandigarh Punjab	9,000,000	9,000,000	Direct Spending	National Institute of Technical Teachers Training and Research (NITTTR)
3	Development of a solar energy based Village Micro Grid (VMG) for rural electrification, for affordable and continuous power availability in rural areas	Access to electricity	NA	5,740,486	5,740,486	Through Implementing Agency	Indian Institute of Technology Madras
4	R&D cooperation through joint studies, projects and demo/pilot trials in the area of renewable energy storage and battery engineering.	Access to electricity	NA	4,290,000	4,290,000	Through Implementing Agency	Indian Institute of Technology Madras
5	Contribution towards running a special school to mainstream ~190 children with disability	Differently abled	Bengaluru, Karnataka	4,324,277	4,324,277	Through Implementing Agency	The Association of People with Disability
6	Providing and running mobile science labs for students from ~98 select Govt Schools across several locations	Promoting Education	Vadodara, Gujarat; Nashik Maharashtra, Mysore, Karnataka, Faridabad, Haryana	4,037,740	4,037,740	Through Implementing Agency	Agastya International Foundation
7	Education programme for adolescent girls and boys for select villages of Gujarat and Skill development program for women	Promoting Education & Skill development	Gujarat	3,600,000	3,600,000	Through Implementing Agency	Mahila Sewa Trust
8	Improving the quality of education for around 100 primary and middle schools	Promoting Education	Nelamangala, Karnataka	3,135,882	3,135,882	Through Implementing Agency	Sivasri Charitable Trust
9	Residential facility for differently abled women	Differently abled	Nashik, Maharashtra	3,000,000	3,000,000	Through Implementing Agency	Gharkul Parivar Sanstha
10	Contribution towards promotion of sports	Promotion of sports	Bellary, Karnataka	2,500,000	2,500,000	Direct Spending	JSW Foundation
11	Road safety training program for school children	Promoting Education	Nashik, Maharashtra	2,500,000	2,500,000	Through Implementing Agency	Advantage Nashik Foundation
12	Contribution towards operative and post-operative care for 125 children with cleft lip and palate abnormalities and also for awareness building campaign across chosen locations	Promoting Preventive healthcare	Several locations in India	1,992,000	1,992,000	Through Implementing Agency	Akila Bharatha Mahila Seva Samaja
13	Emergency relief for flood disaster victims	Natural disaster relief	Several locations in India	1,600,000	1,600,000	Through Implementing Agency	Save The Children (Bal Raksha Bharat)
14	Water management in drought prone villages	Rural Development	Nashik, Maharashtra	1,295,627	1,295,627	Through Implementing Agency	Vanvasi Kalyan Ashram
15	Running a Mobile physiotherapy van for differently abled	Differently abled	Maneja, Gujarat	347,200	347,200	Through Implementing Agency	Society for the Training & Vocational Rehabilitation of the Disabled
16	Infrastructure support for a Govt school	Promoting Education	Maneja, Gujarat	90,160	90,160	Direct Spending	Through ABB registered vendors
17	Programs and activities across CSR focal areas	Several programs	Across locations	32,476,142	32,476,142	Direct Spending	ABB India Foundation

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: Mumbai
Date: February 8, 2018

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 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, 2017

Name	Category[1]	Attendance			Directorship in other Indian companies[2]	Committee Membership / Chairmanship in Public Companies[3]	
		Board meetings held during 2017	Board Meetings Attended	Last AGM attendance		Member	Chairman
Mr. Frank Duggan (Chairman)	NED	5*	5	Yes	Nil	Nil	Nil
Mr. Sanjeev Sharma	MD		5	Yes	2	1	Nil
Mr. Nasser Munjee	NED (I)		5	Yes	12	1	5
Mr. Darius E. Udwadia	NED (I)		5	Yes	12	7	1
Mrs. Renu Sud Karnad	NED (I)		3	Yes	11	6	2
Mr. Tarak Mehta	NED		4	No	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.

* 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 2017 and dates on which held

The Board has held five meetings during the Financial Year 2017 i.e., on February 9, March 23, May 8, July 20, and October 24, 2017.

In addition, one meeting of Independent Directors was held on October 24, 2017.

(iii) Except Mr. Darius E. Udwadia, 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.

(vi) During the year, a separate meeting of the Independent Directors was held on October 24, 2017, 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 (67th) Annual General Meeting held on May 9, 2017.

(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 2017 i.e., on February 8, March 23, May 8, July 20 and October 24, 2017. The composition of the Audit Committee as on December 31, 2017 and the attendance of members at the meetings held during the Financial Year 2017 were as follows:

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

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.

(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 two meetings during the Financial Year 2017 i.e., on February 9, and May 8, 2017. The composition of the Nomination and Remuneration Committee as on December 31, 2017 and the attendance of members at the meeting held during the Financial Year 2017 were as follows:

Members of the Committee	No. of meetings attended
Mr. Nasser Munjee (Chairman) (Independent Director)	2
Mrs. Renu Sud Karnad (Independent Director)	2
Mr. Frank Duggan	2

(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 2017

(₹ in Lakh)

Name	Sitting Fees	Salary & Perquisites	Commission *	Stock Option	Pension
Mr. Sanjeev Sharma	Nil	595.24	Nil	Nil	Nil
Mr. Nasser Munjee	2.30	Nil	39.00	Nil	Nil
Mr. Darius E. Udwadia	2.40	Nil	31.00	Nil	Nil
Mrs. Renu Sud Karnad	2.00	Nil	24.50	Nil	Nil
Mr. Frank Duggan	Nil	Nil	Nil	Nil	Nil
Mr. Tarak Mehta	Nil	Nil	Nil	Nil	Nil

* Commission for the financial year 2016 paid during the financial year 2017.

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 90 days' notice in writing on either side.

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

Stock Option

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

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

None of the Non-Executive Directors has any pecuniary relationship or transactions with the Company except following transactions, where Mr. Darius E. Udwadia, is considered interested.

(a) The Company has paid Rs.63,000/- to the law firm, Udwadia & Co., as fees for professional services that were provided by the firm to the Company on specific legal matters where Mr. Udwadia, Director, is a Proprietor. The Board does not consider the law firm's association with the Company to be of a material nature so as to affect independence of judgment of Mr. Udwadia as a Director of the Company.

(b) Mr Udwadia, who is also a Director on the Board of Rossi Gearmotors (India) Private Limited with which the Company is having a business relationship (sale of goods/equipment) as normal business transactions. During the year the Company sold goods/equipments worth Rs.380,727/-. All the transactions have been carried out purely based on market conditions at prevailing market price / conditions. The Board does not consider the business association between Rossi Gearmotors (India) Private Limited and the Company to be of a material nature so as to affect independence of judgment of Mr Udwadia as a Director of 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 2017 i.e., on February 8, May 8, July 20 and October 24, 2017.

The Committee is chaired by Mr. Darius E. Udwadia – Independent Director. Mr. B Gururaj – Company Secretary is the Compliance Officer.

The composition of Stakeholders Relationship Committee as at December 31, 2017 and attendance of members at the meetings held during the Financial Year 2017 were as follows:

Members of the Committee	No. of meetings attended
Mr. Darius E. Udwadia (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 either the Company has been made a party or necessary intimation thereof has been received by the Company, all the investor grievances / correspondences have been promptly attended to from the date of their receipt. Continuous efforts are made to ensure that grievances are more expeditiously redressed to the complete satisfaction of the investors.

The details of investors' complaints received and resolved during the Financial Year 2017 are as under:

No. of investors' complaints received during 2017	No. of investors' complaints resolved during 2017	Investors' complaints pending at the end of 2017
208	208	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 frame work. The Company has formulated a Policy on Risk Management and constituted a Risk Management Committee.

One meeting of the Committee was held during the Financial Year 2017 i.e., on October 24, 2017.

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, 2017 and the attendance of members at the meeting held during the Financial Year 2017 were as follows:

Members of the Committee	No. of meetings attended
Mr. Nasser Munjee (Chairman) (Independent Director)	1
Mr. Frank Duggan	1
Mr. Sanjeev Sharma	1
Mr. T. K. Sridhar	1
Mr. Pitamber Shivnani	0

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 2017 i.e., on February 8, May 8, and October 24, 2017.

The Committee is chaired by Mrs. Renu Sud Karnad – Independent Director. The composition of Committee as at December 31, 2017 and attendance of members at the meetings held during the Financial Year 2017 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.

9. Subsidiary Company

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

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
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)
2014	"Grand Ball Room", Second floor, Sheraton Bangalore Hotel at Brigade Gateway, 26/1, Dr. Rajkumar Road, Malleshwaram-Rajajinagar, Bengaluru – 560 055	Monday May 6, 2015	11:00 a.m. (IST)

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

No Special Resolution passed in 65th and 66th Annual General Meetings held on, May 6, 2015 and April 26, 2016 respectively.

The following Special Resolutions were passed at the meeting 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.
- To consider adoption of new set of Articles of Association of the Company.

(iii) Postal Ballot

During the year 2017, the Company has not carried out any Postal ballot. As on date, the Company does not have any proposal to pass any Special Resolution by way of Postal ballot.

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. In terms of Regulation 23 of Listing Regulations the Company started obtaining 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.

As advised by Reserve Bank of India (RBI) during December 2014, the Company filed an application for compounding the alleged contravention in following the pricing guidelines issued under FEMA, when it transferred 2,80,500 equity shares of Integra Hindustan Controls Limited to the other Promoter viz., Integra Holdings, Switzerland, as promoters' inter se transfer. Accepting the Company's Compounding Application, the RBI directed the Company to pay a sum of Rs.2,87,500/- towards compounding fee to conclude the issue. Accordingly, the Company paid the said compounding fee during June 2015 and the issue has since been resolved.

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

(iii) Whistle Blower Policy and affirmation that no personnel have been denied access to the Audit Committee.

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

(iv) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements 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. The Company has a dedicated help desk with e-mail ID: 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.

14. General Shareholder Information

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

The Company will be holding its 68th Annual General Meeting on Wednesday, May 9, 2018 at 11.00 a.m. (IST) at "Grand Ball Room", Second Floor, Sheraton Grand Bangalore Hotel at Brigade Gateway, 26/1, Dr. Rajkumar Road, Malleshwaram - Rajajinagar, Bengaluru – 560 055.

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, 2017, 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 – Ratification of appointment of Statutory Auditors and to authorize the Board of Directors to determine their remuneration.

Item No. 4 – Appointment of Mr Jean-Christophe Deslarzes as a Director.

Item No. 5 – Approval of remuneration to the Cost Auditor of the Company for Financial Year 2018.

(ii) Profile of Director seeking appointment

The profile of Director retiring by rotation and seeking appointment at the ensuing Annual General Meeting is given in the annexure to the Notice of the 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 2018 (January - December) excluding Extra Ordinary General Meeting(s), if any, are as under:

Fourth Quarter Financial Results (Year 2017)	February 2018
First Quarter Financial Results	May 2018
Annual General Meeting	May 2018
Second Quarter Financial Results	July 2018
Third Quarter Financial Results	October 2018

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 2017 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 3, 2018 to May 9, 2018 (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 11, 2018, to those shareholders whose names appear on the Company's Register of Members as on May 2, 2018.

(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 are 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

Debentures:

BSE 952706
ISIN INE117A08019

(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 2017 were as follows:

Year 2017	ABB - BSE (₹)		BSE Sensex		ABB - NSE (₹)		NSE Nifty	
	High	Low	High	Low	High	Low	High	Low
January	1,199.00	1,029.55	27,980.39	26,447.06	1,199.00	1,029.15	8672.70	8133.80
February	1,269.75	1,091.75	29,065.31	27,590.10	1,265.00	1,092.60	8982.15	8537.50
March	1,292.90	1,178.00	29,824.62	28,716.21	1,292.00	1,180.00	9218.40	8860.10
April	1,482.25	1,280.70	30,184.22	29,241.48	1,484.00	1,282.50	9367.15	9075.15
May	1,619.45	1,391.10	31,255.28	29,804.12	1,620.00	1,393.20	9649.60	9269.90
June	1,556.95	1,376.50	31,522.87	30,680.66	1,559.00	1,376.00	9709.30	9448.75
July	1,548.40	1,175.00	32,672.66	31,017.11	1,549.65	1,351.05	10114.85	9543.55
August	1,435.00	1,292.10	32,686.48	31,128.02	1,440.00	1,302.00	10137.85	9685.55
September	1,493.00	1,298.35	32,524.11	31,081.83	1,493.00	1,298.80	10178.95	9687.55
October	1,419.55	1,306.65	33,340.17	31,440.48	1,422.70	1,330.00	10384.50	9831.05
November	1,444.00	1,308.00	33,865.95	32,683.59	1,448.00	1,305.10	10490.45	10094.00
December	1,435.70	1,335.00	34,137.97	32,565.16	1,439.90	1,337.00	10552.40	10033.35

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

ABB Share Price movement v/s BSE Sensex
January – December 2017

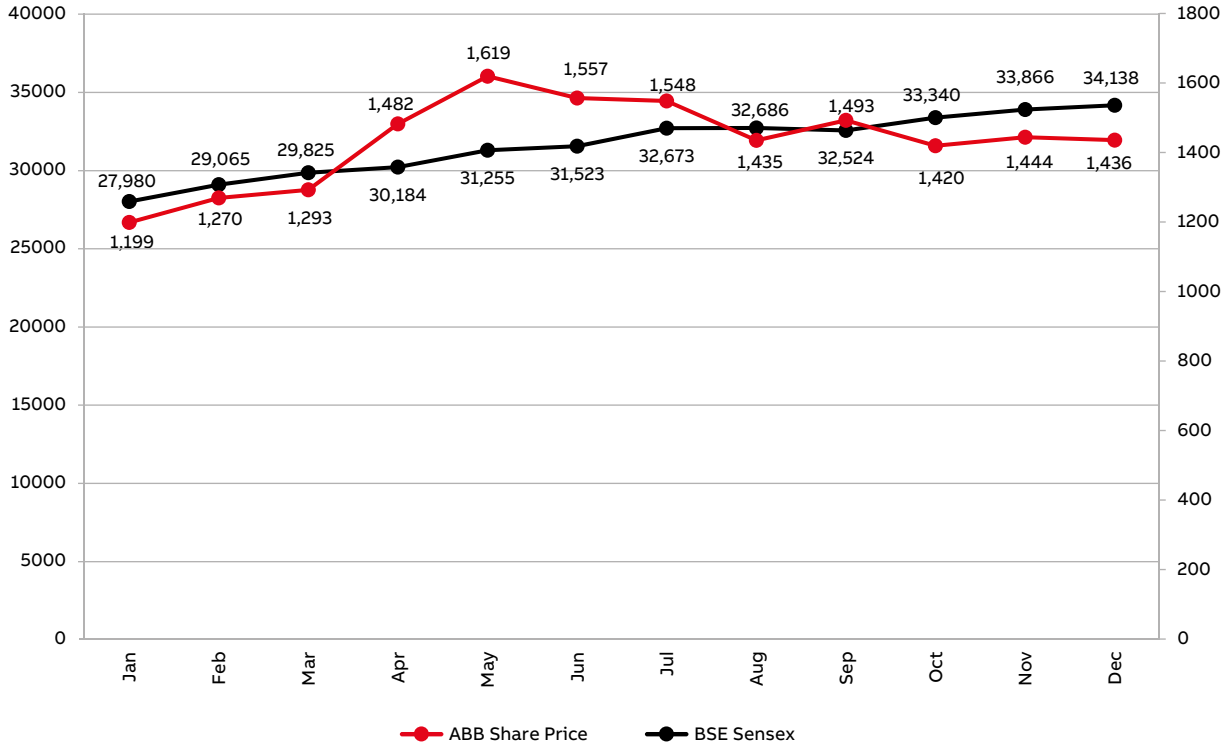
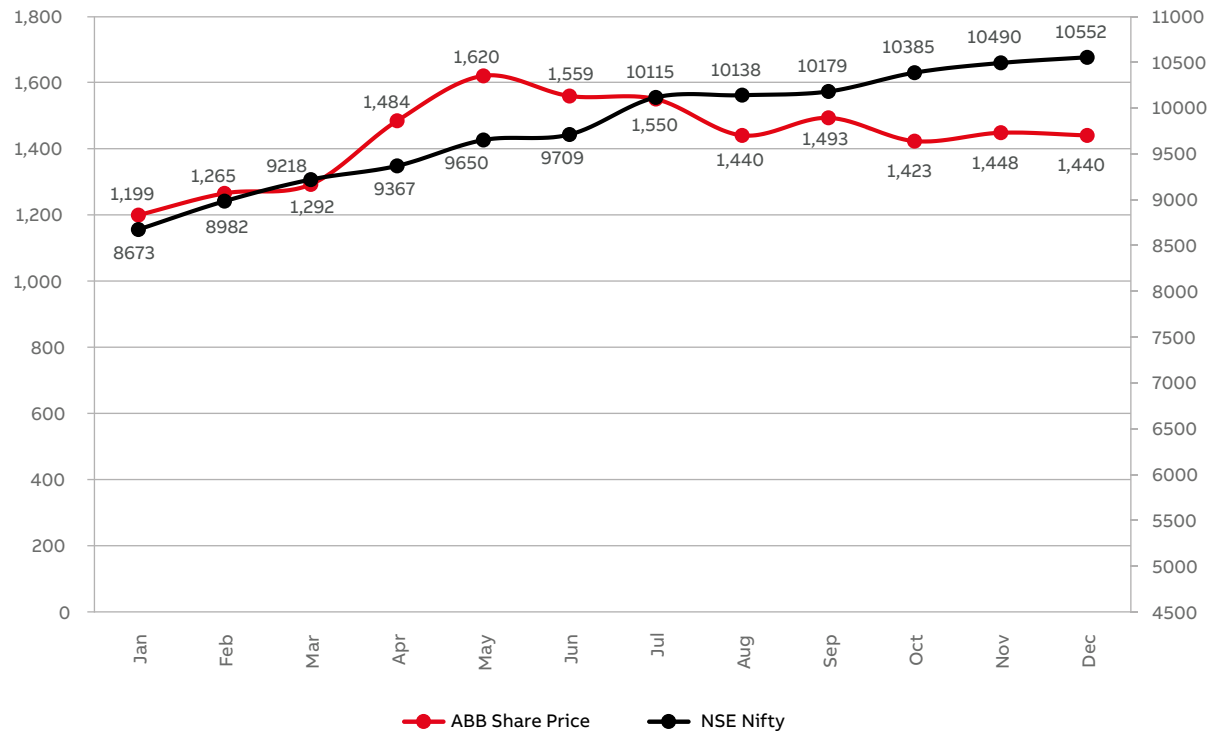


ABB Share Price movement v/s NSE Nifty
January – December 2017



(x) Registrar and Share Transfer Agents

Karvy Computershare Private Limited (Unit: ABB India Limited)
No.51/2, T K N Complex, Vanivilas Road, Opp. National College,
Basavanagudi, Bengaluru – 560 004
Phone No. 080-67453237
Fax No. 080-26600786
E-mail: einward.ris@karvy.com

Karvy Computershare 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

(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 31.12.2017		As on 31.12.2016	
	No. of shares	%	No. of shares	%
ABB Asea Brown Boveri Limited Zurich & ABB Norden Holding AB Sweden	158,931,281	75.00	158,931,281	75.00
Non-Resident Individuals/OCBs	397,748	0.19	346,760	0.16
Directors and their relatives	3,500	0.00	3,500	0.00
LIC/UTI/Other Insurance Cos.	16,475,525	7.77	20,680,191	9.76
Nationalised Banks/Other Banks	137,167	0.06	212,537	0.10
Mutual Funds	12,443,032	5.87	5,704,547	2.69
Foreign Nationals	705	0.00	705	0.00
Foreign Institutional Investors	40,779	0.02	6,472,358	3.05
Bodies Corporate	1,259,424	0.59	1,456,824	0.69
Foreign Portfolio Investors	6,512,748	3.07	2,792,259	1.32
General Public	14,546,616	6.86	14,976,358	7.07
NBFC	611,537	0.29	321,273	0.15
I E P F	537,523	0.25	0	0.00
Trust	10,790	0.01	9,782	0.00
Total	211,908,375	100.00	211,908,375	100.00

(xiii) Distribution of Shareholding as on December 31, 2017

Category	**No. of Shareholders**	**No. of Shares held**	**% of equity capital**
1 – 5000	62,129	12,480,170	5.89
5001 – 10000	238	1,626,711	0.77
10001 – 50000	125	2,381,104	1.12
50001 – 100000	18	1,396,782	0.66
100001 and above	43	194,023,608	91.56
Total	**62,553**	**211,908,375**	**100.00**

(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, 2017, out of 211,908,375 equity shares of the Company, 209,953,703 equity shares have been dematerialised representing 99.08%.

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, 2017.

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 and Nashik.

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

Company is exposed to foreign exchange risk on account of import and export transactions entered. Also it 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

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

Frank Duggan
Chairman
DIN: 02937233

Place: Mumbai
Date: February 8, 2018

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, 2017.

For ABB India Limited

Sanjeev Sharma
Managing Director
DIN: 07362344

Place: Mumbai
Date: February 8, 2018

Annexure – H 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, 2017. 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

Bengaluru
February 08, 2018

Annexure – I to Directors' Report

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st DECEMBER 2017

[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 2017, 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, 2017 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.

We further report that during the period under review, the Object Clause of the Memorandum of the Company was amended, and a new set of Articles of Association was adopted.

For BMP & Co. LLP
Company Secretaries

Place: Bengaluru
Date: February 8, 2018

Pramod S M
Partner
FCS 7834/ C P No.: 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

Pramod S M
Partner
FCS 7834 / CP No. 13784

Place: Bengaluru
Date: February 8, 2018

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, 2017 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 which 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. significant changes in accounting policies during the year and that the same have been disclosed suitably in the notes to the financial statements; 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: Mumbai
Date: February 8, 2018

Inclusive social development

—
Supporting a special school for differently-abled children with disability aids, educational materials, transportation and resources for its operations.

—
Special program in villages of Gujarat to help educate the adolescent girls and encourage them to join back school, and skill development and vocational training for women.

—
Running mobile science labs for students from select 98 government schools across Faridabad, Nashik, Mysore and Vadodara.

—
Establishing a Simulation Centre of Excellence (SCoE) at NITTTR to cater to various R&D activities related to electrical equipment and other devices.

—
Emergency relief aid for flood distaster victims of the South Asian floods that affected several parts of North India.

—
Sponsoring mid-day meals to around 15,000 school children daily across select schools in Bengaluru, Mysore and Vadodara.

02

Financial Statements

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Change begins with you

At ABB, we are committed to solving some of the biggest global challenges of tomorrow. By joining us, you will have the opportunity to work with pioneering technology leaders who have a positive impact on the future. You will be part of an international, inclusive culture, where teamwork and collaboration lead to success. It begins with you.

Independent Auditor's Report

To the Board of Directors of ABB India Limited

Report on 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 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the 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 the financial position, financial performance including other comprehensive income, cash flows and changes in equity 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 read with the relevant rules thereunder.

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.

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 issued by the Institute of Chartered Accountants of India (ICAI), as 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 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 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 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 including the Ind AS, of the financial position of the Company as at 31 December 2017, its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended 31 December 2016 and the transition date opening balance sheet as at 1 January 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor, whose report for the year ended 31 December 2016 and 31

December 2015 dated 9 February 2017 and 4 February 2016 respectively expressed an unmodified opinion on those financial statements and has been adjusted by the Management for the differences in the accounting principles adopted by the Company on transition to the India Accounting Standards ("Ind AS"), which has been audited by us.

Our opinion is not modified in respect of these matters.

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 Statement of Cash Flow 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 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2017 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B", and:

   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 38 to the 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 35 to the financial statements; and
   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 number: 101248W/W-100022

Amit Somani
Partner
Membership number: 060154

Bengaluru
8 February 2018

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 2017, 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, sales tax, value added tax, duty of customs, service tax, excise duty, goods and services tax, cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, value added tax, duty of customs, service tax, excise duty, goods and services tax, cess and other material statutory dues were in arrears as at 31 December 2017 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, 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	380.59	1994-2015	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	1.38	2008-2014	Commissioner of Customs/ Custom Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Tax, interest and penalty	71.26	1996-2015	Commissioner (Appeals)/Commissioner (LTU) / Ministry of Finance (Department of Revenue)/ Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Tax, interest and penalty	77.34	2006-2015	Commissioner (Appeals)/ Custom Excise & Service Tax Appellate Tribunal/ Supreme Court
Income Tax Act, 1961	Tax, interest and penalty	57.96	2012-2014	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
8 February 2018

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 2017 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 2017, 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
8 February 2018

Balance Sheet

(₹ in Crores)

Balance Sheet as at December 31, 2017	Notes	Dec 2017	Dec 2016	Jan 1, 2016
Assets				
Non-current assets				
Property, plant and equipment	3	**1,142.60**	1,168.79	1,199.36
Capital work-in-progress	3	**116.48**	67.78	44.28
Goodwill	4	**46.42**	46.42	46.42
Other intangible assets	4	**29.64**	39.70	52.64
Financial assets				
Investments	5	**0.17**	16.23	16.31
Loans	6	**21.56**	22.23	15.40
Others	7	**0.34**	7.23	6.69
Deferred tax assets (net)	8	**117.30**	130.38	93.90
Non-current tax assets (net)	9	**268.11**	194.67	190.37
Other non-current assets	10	**188.99**	172.82	201.52
		1,931.61	1,866.25	1,866.89
Current assets				
Inventories	14	**1,153.55**	940.25	939.57
Financial assets				
Investments	5	**270.45**	0.08	0.08
Trade receivables	11	**2,787.78**	2,970.72	3,353.77
Cash and cash equivalents	12	**1,489.19**	1,186.92	571.55
Bank balance other than cash and cash equivalents	13	**2.47**	2.24	2.04
Loans	6	**24.62**	19.02	23.59
Other financial assets	7	**760.38**	431.24	425.69
Other current assets	15	**468.00**	314.48	261.22
		6,956.44	5,864.95	5,577.51
Total Assets		**8,888.05**	7,731.20	7,444.40
Equity and liabilities				
Equity				
Equity share capital	16	**42.38**	42.38	42.38
Other equity	17	**3,564.51**	3,244.32	2,975.70
		3,606.89	3,286.70	3,018.08
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	18	**4.14**	600.00	600.00
Other financial liabilities	19	**3.86**	3.91	4.30
Provisions	20	**42.68**	52.08	47.92
		50.68	655.99	652.22
Current liabilities				
Financial liabilities				
Borrowings	18	**-**	0.04	-
Trade payables	21	**2,713.11**	2,157.30	2,102.29
Other financial liabilities	19	**1,179.31**	526.76	470.23
Other current liabilites	22	**1,023.54**	801.91	924.76
Provisions	20	**314.52**	302.50	276.82
		5,230.48	3,788.51	3,774.10
Total Equity and liabilities		**8,888.05**	7,731.20	7,444.40

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, February 8, 2018

For and on behalf of the Board

Frank Duggan (DIN-02937233) Chairman
Sanjeev Sharma (DIN-07362344) Managing Director
Renu Sud Karnad (DIN-00008064) Director
T. K. Sridhar Chief Financial Officer
B. Gururaj (FCS-2631) Company Secretary

Mumbai, February 8, 2018

Statement of Profit and Loss

(₹ in Crores)

For the year ended December 31, 2017	Notes	Dec 2017	Dec 2016
Income			
Revenue from operations	23	**9,375.10**	9,183.52
Other income	24	**120.97**	121.57
Total income		**9,496.07**	9,305.09
Expenses			
Cost of raw materials, components consumed and project bought outs	25	**5,060.67**	4,637.29
Purchases of traded goods	26	**357.12**	401.59
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	27	**(65.51)**	66.64
Excise duty	45	**287.78**	541.31
Subcontracting charges		**538.29**	507.69
Employee benefit expenses	28	**796.30**	750.26
Depreciation and amortisation expense	29	**157.97**	150.95
Finance costs	30	**77.31**	91.88
Other expenses	31	**1,664.38**	1,584.21
Total expenses		**8,874.31**	8,731.82
Profit before tax		**621.76**	573.27
Tax expense:			
Current tax	8	**189.90**	229.20
Deferred tax	8	**11.91**	(30.40)
		201.81	198.80
Profit for the year		**419.95**	374.47
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement income/(loss) on defined benefit plan		**3.39**	(17.56)
Income tax effect	8	**(1.17)**	6.08
Other comprehensive income for the year, net of tax		**2.22**	(11.48)
Total comprehensive income for the year, net of tax		**422.17**	362.99
Earnings per equity share:	32		
Basic		**19.82**	17.67
Diluted		**19.82**	17.67

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, February 8, 2018

For and on behalf of the Board

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Sanjeev Sharma (DIN-07362344) Managing Director
Renu Sud Karnad (DIN-00008064) Director
T. K. Sridhar Chief Financial Officer
B. Gururaj (FCS-2631) Company Secretary

Mumbai, February 8, 2018

Cash Flow Statement

(₹ in Crores)

For the year ended December 31, 2017	Dec 2017	Dec 2016
A. Cash flow from operating activities		
Profit before tax	**621.76**	573.27
Adjustments to reconcile profit before tax to net cash provided by operating activities		
Depreciation and amortisation expense	**157.97**	150.95
Unrealised exchange loss / (gains) (net)	**(3.36)**	(8.11)
Mark to market change in forward and commodity contracts	**(23.35)**	15.77
(Profit) / loss on sale of fixed assets (net)	**6.66**	(27.47)
Bad debts / advances written off	**119.17**	39.96
Provision for doubtful debts and advances	**(3.91)**	88.08
Interest income	**(112.80)**	(94.10)
Interest expense	**77.31**	91.88
Operating profit before working capital changes	**839.45**	830.23
Movement in working capital		
Increase / (decrease) in trade payables	**556.98**	58.87
Increase / (decrease) in other financial liabilities	**49.53**	40.97
Increase / (decrease) in other liabilities and provisions	**219.55**	(78.23)
(Increase) / decrease in trade receivables	**68.56**	260.65
(Increase) / decrease in inventories	**(213.30)**	(0.68)
(Increase) / decrease in other financial assets	**(297.87)**	(5.31)
(Increase) / decrease in loans and other assets	**(166.84)**	(26.70)
Cash generated from operations	**1,056.06**	1,079.80
Direct taxes paid (net of refunds)	**(256.23)**	(217.23)
Net cash flow from operating activities	**799.83**	862.57
B. Cash flow from investing activities		
Purchase of property, plant and equipment	**(185.84)**	(138.69)
Proceeds from sale of property, plant and equipment	**1.19**	34.67
Proceeds from maturity of investments	**0.09**	0.08
Interest received	**110.27**	36.34
Investment in Mutual Fund	**(254.41)**	-
Investment in deposits (with maturity more than three months)	**-**	(0.54)
Net cash flow used in investing activities	**(328.70)**	(68.14)
C. Cash flow from financing activities		
Proceeds from short-term borrowings	**-**	0.04
Repayment of short-term borrowings	**(0.04)**	-
Proceeds from finance lease obligation	**8.35**	-
Interest paid	**(77.28)**	(84.50)
Dividend paid (including tax on dividend)	**(102.02)**	(94.37)
Net cash flow from / (used in) financing activities	**(170.99)**	(178.83)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**300.14**	615.60
Effects of exchange (loss) / gain on cash and cash equivalents	**2.13**	(0.23)
Cash and cash equivalents (opening balance)	**1,186.92**	571.55
Cash and cash equivalents (closing balance)	**1,489.19**	1,186.92
Components of cash and cash equivalents		
Cash and bank balances	**1,491.66**	1,189.16
Less: Unpaid dividend account (Also refer note no. 13)	**2.47**	2.24
	1,489.19	1,186.92

Note:
1) Cash and cash equivalents at the end of the year represent cash and cheques on hand / remmittance in transit and cash and deposits with banks.
2) The figures of the previous year have been regrouped/reclassified, where necessary, to conform with the classification of the current year.
3) 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, February 8, 2018

For and on behalf of the Board

Frank Duggan (DIN-02937233) Chairman
Sanjeev Sharma (DIN-07362344) Managing Director
Renu Sud Karnad (DIN-00008064) Director
T. K. Sridhar Chief Financial Officer
B. Gururaj (FCS-2631) Company Secretary

Mumbai, February 8, 2018

Statement of changes in equity for the year ended December 31, 2017

a. Equity share capital:

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

(₹ in Crores)

	Numbers	(₹ in Crores)
As at January 1, 2016	21,19,08,375	42.38
Changes in equity share capital	-	-
As at December 31, 2016	21,19,08,375	42.38
Changes in equity share capital	-	-
As at December 31, 2017	**21,19,08,375**	**42.38**

b. Other equity

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

(₹ in Crores)

Particulars	Other equity								
	Securities premium	Employee stock options reserve	Retained earnings	Other comprehensive income	General reserve	Capital redemption reserve	Capital reserve	Debenture redemption reserve	Total equity
As at January 1, 2016	60.00	0.03	118.91	-	2,738.16	7.50	1.10	50.00	2,975.70
Profit for the year	-	-	374.47	-	-	-	-	-	374.47
Other comprehensive income (net of tax)	-	-	-	(11.48)	-	-	-	-	(11.48)
Transfers within equity	-	-	(260.00)	-	210.00	-	-	50.00	-
Dividend paid	-	-	(78.41)	-	-	-	-	-	(78.41)
Tax on dividend paid	-	-	(15.96)	-	-	-	-	-	(15.96)
Employee stock option expense	-	-	-	-	-	-	-	-	-
Balance at December 31, 2016	60.00	0.03	139.01	(11.48)	2,948.16	7.50	1.10	100.00	3,244.32
Profit for the year	**-**	**-**	**419.95**	**-**	**-**	**-**	**-**	**-**	**419.95**
Other comprehensive income/ (loss) (net of tax)	**-**	**-**	**-**	**2.22**	**-**	**-**	**-**	**-**	**2.22**
Transfers within equity	**-**	**-**	**(50.00)**	**-**	**-**	**-**	**-**	**50.00**	**-**
Dividend paid	**-**	**-**	**(84.76)**	**-**	**-**	**-**	**-**	**-**	**(84.76)**
Tax on dividend paid	**-**	**-**	**(17.26)**	**-**	**-**	**-**	**-**	**-**	**(17.26)**
Employee stock option expense	**-**	**0.04**	**-**	**-**	**-**	**-**	**-**	**-**	**0.04**
As at December 31, 2017	**60.00**	**0.07**	**406.94**	**(9.26)**	**2,948.16**	**7.50**	**1.10**	**150.00**	**3,564.51**

Summary of significant accounting policies

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, February 8, 2018

For and on behalf of the Board

Frank Duggan (DIN-02937233) Chairman
Sanjeev Sharma (DIN-07362344) Managing Director
Renu Sud Karnad (DIN-00008064) Director
T. K. Sridhar Chief Financial Officer
B. Gururaj (FCS-2631) Company Secretary

Mumbai, February 8, 2018

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 February 08, 2018.

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.

For all periods up to and including the year ended December 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These financial statements for the year ended December 31, 2017 are the first such statements the Company has prepared in accordance with Ind AS. Refer to note 44 for information on first time adoption of Ind AS.

B Functional & 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 33.

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 39 - leases: whether an arrangement contains a lease; and
- Note 39 - 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 sales tax, value added tax, goods and service tax and net of trade and quantity discount. Revenue is inclusive of excise duty.

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.

Revenue 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 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

(i) 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.

(i) 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 statement of profit and loss 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 / remmittance 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 Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment'. The amendments are applicable to the company from January 1, 2018.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Company is evaluating the requirements of the amendment and its effect on the financial statements.

Amendments to Ind AS 102 Classification and Measurement of Share-based Payment Transactions

The amendments clarify the following:

a. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.

b. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

c. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows: i) the original liability is derecognised; ii) the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and iii) any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

   The amendments are effective for annual reporting periods beginning on or after 1 January 2018. The Company is evaluating the requirements of the amendment and its effect on the 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
Gross carrying value											
Deemed cost as at January 1, 2016	67.29	21.24	20.43	277.95	57.87	710.72	9.48	34.11	0.27	-	1,199.36
Additions	-	-	1.44	6.47	4.99	91.61	3.43	4.56	0.21	-	112.71
Disposal	(0.01)	-	(0.18)	-	(0.13)	(6.73)	-	(0.15)	-	-	(7.20)
As at December 31, 2016	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**
Disposals	**-**	**-**	**(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**
Accumulated depreciation											
Balance as at January 1, 2016	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	0.33	3.07	11.92	3.37	106.95	3.76	6.58	0.10	-	136.08
Disposals	-	-	-	-	-	-	-	-	-	-	-
As at December 31, 2016	-	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**
Net carrying value as at December 31, 2016	67.28	20.91	18.62	272.50	59.36	688.65	9.15	31.94	0.38	-	1,168.79
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**
Capital work in progress as at January 1, 2016											44.28
Capital work in progress as at December 31, 2016											67.78
Capital work in progress as at December 31, 2017											**116.48**

Notes:

a) Other buildings include cost of shares in Lotus Court Private Limited ₹ 0.01 crores.

b) 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.

c) There are no tangible assets given on operating lease.

4 Intangible assets

(₹ in Crores)

		Other intangible assets		
	Goodwill	Technical Know-how fees	Capitalised Software	Total
Gross carrying value				
Deemed cost as at January 1, 2016	46.42	47.55	5.09	52.64
Additions	-	1.19	0.74	1.93
Disposal	-	-	-	-
As at December 31, 2016	46.42	48.74	5.83	54.57
Additions	-	0.74	0.99	1.73
Disposals	-	-	-	-
As at December 31, 2017	**46.42**	**49.48**	**6.82**	**56.30**
Accumulated amortisation / impairment				
Balance as at January 1, 2016	-	-	-	-
Amortisation charge for the year	-	13.23	1.64	14.87
Disposals	-	-	-	-
As at December 31, 2016	-	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**
Net carrying value as at December 31, 2016	46.42	35.51	4.19	39.70
Net carrying value as at December 31, 2017	**46.42**	**26.03**	**3.61**	**29.64**

Note

(₹ in Crores)

	Dec 2017	Dec 2016	Jan 1, 2016
Breakup of Goodwill CGU wise			
Power Grids	**31.80**	31.80	31.80
Electrification Products	**14.62**	14.62	14.62
	46.42	46.42	46.42

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.

	Dec 2017	Dec 2016	Jan 1, 2016
Growth rate	**5% - 6%**	5% - 6%	5% - 6%
Operating margins	**6% - 13%**	6% - 13%	6% - 13%
Discount rate	**9% - 10%**	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		
	Dec 2017	Dec 2016	Jan 1, 2016	**Dec 2017**	Dec 2016	Jan 1, 2016
Investment in bonds & debentures						
Quoted:						
(Carried at amortised cost)						
15,00,000 (December 31, 2016 - 15,00,000) 6.25%, 2018 Government of India Bonds of ₹ 100 each fully paid.	**-**	15.96	15.96	**15.96**	-	
Unquoted:						
(Carried at amortised cost)						
10 5.95%, 15 years Non-cumulative bonds of Karnataka Water & Sanitation Pooled Fund Trust of ₹ **2,50,000** (December 31, 2016 - ₹ 3,33,334) each fully paid.	**0.17**	0.26	0.34	**0.08**	0.08	
Investment in equity shares						
Unquoted:						
(Carried at fair value through profit and loss)						
1,000 (December 31, 2016 - 1,000) Equity shares of ₹ 25 each fully paid up in Co-operative Bank of Baroda	**-**	0.01	0.01	**-**	-	-
(Written off during the year)						
Investment in mutual fund						
Quoted:						
(Carried at fair value through profit and loss)						
Mutual funds						
755,784.82 units of -HDFC liquid fund - Direct plan - Growth option	**-**	-	-	**254.41**	-	-
	0.17	**16.23**	**16.31**	**270.45**	**0.08**	**0.08**
Aggregate amount of						
Quoted investments (Market Value: ₹ **15.00** Crores, December, 31 2016 - ₹ 14.98 Crores, January, 1 2016 - ₹ 14.67 Crores)	-	15.96	15.96	270.37	-	-
Unquoted investments	**0.17**	0.27	0.35	**0.08**	0.08	0.08

6 Loans

(₹ in Crores)

	Non-current			Current		
	Dec 2017	Dec 2016	Jan 1, 2016	**Dec 2017**	Dec 2016	Jan 1, 2016
(Unsecured considered good, unless otherwise stated)						
Security deposits	**21.56**	22.23	15.40	**18.26**	13.65	17.58
Loans to employees	**-**	-	-	**6.36**	5.37	6.01
	21.56	22.23	15.40	**24.62**	19.02	23.59

7 Other financial assets

(₹ in Crores)

	Non-current			Current		
	Dec 2017	Dec 2016	Jan 1, 2016	**Dec 2017**	Dec 2016	Jan 1, 2016
(Unsecured considered good)						
Non current bank balances	**0.34**	7.23	6.69	**-**	-	-
Interest accrued on fixed deposits	-	-	-	**4.44**	1.91	0.45
Interest accrued on investments	-	-	-	**0.48**	0.48	0.48
Deposits with customers	-	-	-	**13.27**	15.57	16.14
Contract revenue in excess of billing / unbilled revenue	-	-	-	**650.28**	358.60	348.21
Other receivables	-	-	-	**43.32**	27.94	32.45
Mark to market gain on forward contracts*	-	-	-	**31.19**	15.48	11.10
Mark to market gain on embedded derivatives*	-	-	-	**17.40**	11.26	16.86
	0.34	7.23	6.69	**760.38**	431.24	425.69

* At fair value through profit and loss

8 Income tax

(₹ in Crores)

	Dec 2017	Dec 2016	
The major components of income tax expense for the years ended December 31,			
Statement of profit and loss:			
Profit or loss section			
Current income tax:			
Current income tax charge	**189.90**	229.20	
Deferred tax	**11.91**	(30.40)	
Income tax expense reported in the statement of profit and loss	**201.81**	198.80	
Other comprehensive income			
Deferred tax related to items recognised in OCI during the year:	**(1.17)**	6.08	
Income tax expense charged to OCI	**(1.17)**	6.08	
Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for December 31, 2017			
Accounting profit before income tax	**621.76**	573.27	
At India's statutory income tax rate of 34.608% (December 31, 2016 - 34.608%)	**215.18**	198.40	
Adjustments in respect of current income tax			
Non-deductible expenses for tax purposes:	**4.67**	0.85	
Other deductible expenses for the tax purpose	**(14.19)**	(4.76)	
Others	**(3.85)**	4.31	
At the effective income tax rate of 32.458% (December 31, 2016 - 34.678%)	**201.81**	198.80	
Deferred tax:		**Balance Sheet**	
Deferred tax relates to the following:	**Dec 2017**	Dec 2016	Jan 1, 2016
Property, plant and equipment	**(120.21)**	(130.91)	(136.55)
Other intangible assets	**(13.33)**	(12.68)	(11.44)
Provision for doubtful debts and advances	**206.31**	175.60	160.43
Expenditure debited to the statement of profit and loss but allowable for tax purpose in subsequent years	**44.53**	98.37	81.46
Net deferred tax assets/(liabilities)	**117.30**	130.38	93.90
Reflected in the balance sheet as follows:			
Deferred tax assets	**250.84**	273.97	241.89
Deferred tax liabilities	**(133.54)**	(143.59)	(147.99)
Deferred tax assets, net	**117.30**	130.38	93.90

9 Non current tax asset (net)

(₹ in Crores)

	Dec 2017	Dec 2016	Jan 1, 2016
Non current tax asset (net)			
Advance income-tax (net of provision for tax)	**268.11**	194.67	190.37
	268.11	194.67	190.37

10 Other non-current assets

(₹ in Crores)

	Dec 2017	Dec 2016	Jan 1, 2016
Capital advances	**13.17**	5.60	5.05
Advances recoverable in cash or kind (considered doubtful)	**4.45**	5.17	4.77
	4.45	5.17	4.77
Less: Provision for doubtful advances	**4.45**	5.17	4.77
	-	-	-
Taxes and duties recoverable	**174.50**	166.31	195.04
Prepaid rent	**1.32**	0.91	1.43
	188.99	172.82	201.52

11 Trade receivables

(₹ in Crores)

	Non-current			Current		
	Dec 2017	Dec 2016	Jan 1, 2016	**Dec 2017**	Dec 2016	Jan 1, 2016
Unsecured						
Considered good	**-**	-	-	**2,787.78**	2,970.72	3,353.77
Considered doubtful	**311.91**	341.47	289.61	**279.00**	252.63	216.81
	311.91	341.47	289.61	**3,066.78**	3,223.35	3,570.58
Less:						
Loss allowance on doubtful receivable	**311.91**	341.47	289.61	**279.00**	252.63	216.81
	-	-	-	**2,787.78**	2,970.72	3,353.77
Trade receivables include:						
Due from ABB Global Industries and Services Private Limited, in which the Company's Managing Director is a Director				**3.62**	6.60	11.12
Due from Rossi Gearmotors (India) Private Limited, in which one of the Company's Director is a Director				**0.01**	-	-

12 Cash and cash equivalents

(₹ in Crores)

	Dec 2017	Dec 2016	Jan 1, 2016
Balances with banks			
- On current accounts	**217.17**	146.82	131.23
- Deposit accounts (Original maturity upto 3 months)	**1,155.00**	950.00	240.00
Cheques on hand / remmittance in transit	**117.01**	90.09	200.31
Cash on hand	**0.01**	0.01	0.01
	1,489.19	1,186.92	571.55

13 Bank balances other than cash and cash equivalent

Unpaid dividend account	**2.47**	2.24	2.04
	2.47	2.24	2.04

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

(₹ in Crores)

	Dec 2017	Dec 2016	Jan 1, 2016
Raw materials and components (including goods in transit of ₹ **173.22 Crores**, December, 31 2016 ₹ 111.71 Crores, January, 1 2016 ₹ 83.08 Crores)	**735.12**	586.82	519.57
Work-in-progress	**323.42**	292.78	348.61
Finished goods	**65.24**	45.89	57.03
Traded goods	**27.64**	12.12	11.79
Stores and spares	**2.13**	2.64	2.57
	1,153.55	940.25	939.57

During the year ended **December 31, 2017 - ₹ 0.30 Crores** was recognized as an expense for provision for inventories.

15 Others current assets

(₹ in Crores)

	Dec 2017	Dec 2016	Jan 1, 2016
Prepaid expenses	**24.16**	15.12	12.11
Advances recoverable in cash or kind	**92.55**	42.69	47.97
Balance with government authorities	**215.79**	144.34	77.41
Taxes and duties recoverable	**105.75**	99.58	115.61
Other receivables	**29.75**	12.75	8.12
	468.00	314.48	261.22

16 Equity

(₹ in Crores)

Share capital	Dec 2017		Dec 2016		Jan 1, 2016	
	Equity shares		Equity shares		Equity shares	
	Numbers	(₹ in Crores)	Numbers	(₹ in Crores)	Numbers	(₹ in Crores)
Authorised share capital						
At December 31, 2016	**21,25,00,000**	**42.50**	21,25,00,000	42.50	21,25,00,000	42.50
At December 31, 2017	**21,25,00,000**	**42.50**	21,25,00,000	42.50	21,25,00,000	42.50
	Preference shares		Preference shares		Preference shares	
	Numbers	(₹ in Crores)	Numbers	(₹ in Crores)	Numbers	(₹ in Crores)
11% Redeemable 10 years, cumulative preference shares						
At December 31, 2016	**7,50,000**	**7.50**	7,50,000	7.50	7,50,000	7.50
At December 31, 2017	**7,50,000**	**7.50**	7,50,000	7.50	7,50,000	7.50
Issued equity share capital						
Equity shares of ₹ 2 each issued, subscribed and fully paid	**Numbers**	**(₹ in Crores)**	Numbers	(₹ in Crores)	Numbers	(₹ in Crores)
At December 31, 2016	**21,19,08,375**	**42.38**	21,19,08,375	42.38	21,19,08,375	42.38
At December 31, 2017	**21,19,08,375**	**42.38**	21,19,08,375	42.38	21,19,08,375	42.38

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 ₹ **4.40** per equity share for the year ended December 31, 2017. 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	Numbers	% of holding
ABB Asea Brown Boveri Limited - the holding company	**14,63,90,951**	**69.08%**	14,63,90,951	69.08%	14,63,90,951	69.08%
ABB Norden Holding AB - a fellow subsidiary	**1,25,40,330**	**5.92%**	1,25,40,330	5.92%	1,25,40,330	5.92%
Life Insurance Corporation of India	**1,44,39,268**	**6.81%**	1,73,42,297	8.18%	1,75,60,357	8.29%

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	Numbers	₹ in Crores
ABB Asea Brown Boveri Limited - the holding company	**14,63,90,951**	**29.28**	14,63,90,951	29.28	14,63,90,951	29.28
ABB Norden Holding AB - a fellow subsidiary	**1,25,40,330**	**2.51**	1,25,40,330	2.51	1,25,40,330	2.51
	15,89,31,281	**31.79**	15,89,31,281	31.79	15,89,31,281	31.79

17 Other equity

(₹ in Crores)

		Dec 2017	Dec 2016
a)	**Securities premium account**		
	Opening balance	**60.00**	60.00
	Closing balance	**60.00**	60.00
b)	**Surplus in the statement of profit and loss**		
	Opening balance	**139.01**	118.91
	Net profit for the year	**419.95**	374.47
	Less: Appropriations during the year		
	Equity dividend paid	**84.76**	78.41
	Tax on equity dividend paid	**17.26**	15.96
	Transfer to debenture redemption reserve	**50.00**	50.00
	Transfer to general reserve	**-**	210.00
	Balance as at December 31	**152.02**	354.37
	Closing balance	**406.94**	139.01
c)	**Employee stock options reserve**		
	Opening balance	**0.03**	0.03
	Add: Employee compensation expense for the year	**0.04**	-
	Closing balance	**0.07**	0.03
d)	**Debenture redemption reserve**		
	Opening balance	**100.00**	50.00
	Add: Transferred during the year	**50.00**	50.00
	Closing balance	**150.00**	100.00
Other reserves			
e)	**Capital reserve**		
	Opening balance	**1.10**	1.10
	Closing balance	**1.10**	1.10
f)	**Capital redemption reserve**		
	Opening balance	**7.50**	7.50
	Closing balance	**7.50**	7.50
g)	**General reserve**		
	Opening balance	**2,948.16**	2,738.16
	Add: Transferred during the year	**-**	210.00
	Closing balance	**2,948.16**	2,948.16
	Items of other comprehensive income recognised directly in retained earnings	**(14.17)**	(17.56)
	Deferred tax	**4.91**	6.08
	Other comprehensive income recognised in retained earnings (Net of deferred tax)	**(9.26)**	(11.48)
	Total other equity	**3,564.51**	3,244.32

Nature and purpose of other reserves

a) Securities premium reserve

Securities premium reserve 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		
	Dec 2017	Dec 2016	Jan 1, 2016	**Dec 2017**	Dec 2016	Jan 1, 2016
(At amortized cost)						
600 (December 31, 2016 - 600) Unsecured, listed, redeemable, non-convertible debenture having face value of ₹ 1,00,00,000 each.	**-**	600.00	600.00	**-**	-	-
Secured:						
Finance lease obligations	**4.14**	-	-	**-**	-	-
Bank overdraft facility	**-**	-	-	**-**	0.04	-
	4.14	600.00	600.00	**-**	0.04	-

Note:
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.

19 Other financial liabilities

(₹ in Crores)

	Non-current			Current		
	Dec 2017	Dec 2016	Jan 1, 2016	**Dec 2017**	Dec 2016	Jan 1, 2016
Security deposits received	**3.86**	3.91	4.30	**0.08**	0.08	0.08
Interest accrued but not due on long-term borrowings	**-**	-	-	**3.16**	3.13	3.56
Unpaid Dividends	**-**	-	-	**2.47**	2.24	2.04
Employee related payables	**-**	-	-	**108.33**	126.81	114.99
Mark to market loss on embeded derivatives*	**-**	-	-	**37.30**	19.05	28.21
Mark to market loss on forward contracts*	**-**	-	-	**25.14**	44.89	21.18
Current maturities of long term borrowings	**-**	-	-	**600.00**	-	-
Current maturities of finance lease liablities	**-**	-	-	**4.21**	-	-
Other payables	**-**	-	-	**398.62**	330.56	300.17
	3.86	3.91	4.30	**1,179.31**	526.76	470.23

* At fair value through profit and loss

18 Provisions

(₹ in Crores)

	Non-current			Current		
	Dec 2017	Dec 2016	Jan 1, 2016	**Dec 2017**	Dec 2016	Jan 1, 2016
Provisions for employee benefits						
Gratuity	**-**	-	-	**0.61**	15.00	1.35
Provident fund	**-**	-	-	**2.35**	-	-
Leave benefits	**-**	-	-	**41.32**	35.35	38.51
Other provisions						
Warranties	**-**	-	-	**149.29**	144.93	130.47
Loss orders	**-**	-	-	**37.32**	33.90	56.05
Litigations	**-**	11.98	11.98	**1.09**	-	-
Sales tax	**42.68**	40.10	35.94	**60.33**	57.05	50.44
Provision for income tax (net)	**-**	-	-	**22.21**	16.27	-
	42.68	52.08	47.92	**314.52**	302.50	276.82

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, 2017 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)

(₹ in Crores)

Class of provisions	As at January 1, 2017	Additions	Amounts used	Unused Amounts reversed	As at December 31, 2017
Warranties	**144.93**	**141.41**	**57.01**	**80.04**	**149.29**
	(130.47)	(131.00)	(54.45)	(62.09)	(144.93)
Loss orders	**33.90**	**59.23**	**55.81**	**-**	**37.32**
	(56.05)	(29.00)	(51.15)	-	(33.90)
Litigations	**11.98**	**-**	**-**	**10.89**	**1.09**
	(11.98)	-	-	-	(11.98)
Sales tax	**97.15**	**19.63**	**3.29**	**10.48**	**103.01**
	(86.38)	(22.82)	(2.75)	(9.30)	(97.15)

21 Trade Payables

(₹ in Crores)

		Dec 2017	Dec 2016	Jan 1, 2016
	Acceptances	**642.12**	596.54	523.70
	Other trade payables	**2,070.99**	1,560.76	1,578.59
		2,713.11	2,157.30	2,102.29
	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, 2017**			
(i)	The principal amount and the interest due thereon remaining unpaid to any supplier as at **December 31, 2017**			
	Principal amount	**138.04**	113.40	115.67
	Interest	**0.46**	0.29	0.58
(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, 2017**			
	Principal amount	**-**	-	390.51
	Interest	**3.69**	0.32	9.76
(iii)	The amount of interest due and payable for the period of delay in making payment (beyond the appointed day during the year)	**3.98**	3.99	2.85
(iv)	The amount of interest accrued and remaining unpaid for the year ending **December 31, 2017**	**4.44**	4.28	3.43
(v)	The amount of further interest remaining due and payable for the earlier years.	**1.55**	3.11	-
(vi)	**The amount (including interest) due as at December 31, 2017**	**142.48**	117.68	119.10

22 Other liabilities

(₹ in Crores)

	Dec 2017	Dec 2016	Jan 1, 2016
Billing in excess of contract revenue	**198.91**	222.31	211.44
Statutory dues payable	**38.25**	21.07	16.83
Advance from customer	**750.41**	484.30	605.83
Deferred revenue	**12.88**	55.79	89.70
Other payables	**23.09**	18.44	0.96
	1,023.54	801.91	924.76

23 Revenue from operations (net)

(₹ in Crores)

	Dec 2017	Dec 2016
Sale of products and services		
Sale of products	**8,577.86**	8,477.04
Sale of services	**671.34**	573.67
	9,249.20	9,050.71
Other operating revenues		
Scrap sales	**22.83**	20.66
Commission income	**5.45**	6.35
Income from development services	**56.56**	54.47
Miscellaneous income	**41.06**	51.33
	125.90	132.81
Revenue from operations (net)	**9,375.10**	9,183.52
Detail of sale of products and services		
(i) Sale of products		
Switchgear of all types	**2,552.59**	2,263.13
Transformers	**892.29**	827.96
Electronic control and supply units for variable speed drives and other applications	**1,272.08**	1,262.38
Motors and other machines	**772.77**	746.29
Others	**3,088.13**	3,377.28
	8,577.86	8,477.04
(ii) Sale of services		
Erection, commissioning and other engineering services	**671.34**	573.67
	671.34	573.67
	9,249.20	9,050.71
The above includes revenue from construction contracts (refer note 43).	**2,223.18**	2,319.84

24 Other income

(₹ in Crores)

	Dec 2017	Dec 2016
Finance income		
Interest income:		
Interest on security deposit	**0.74**	0.54
Interest on retention	**51.95**	55.76
Interest from deposits with bank	**49.38**	18.69
Interest from long-term investments	**0.95**	0.96
	103.02	75.95
Other income		
Mark to market fair value change in investment	**8.17**	-
Interest income - on tax refunds etc.	**9.78**	18.15
Profit on sale of fixed assets (net)	**-**	27.47
	17.95	45.62
	120.97	121.57

(₹ in Crores)

	Dec 2017	Dec 2016
25 Cost of materials consumed		
Raw material and components consumed		
Inventory at the beginning of the year	**586.82**	519.57
Add : Purchases during the year	**5,208.97**	4,704.54
Less : Inventory at the end of the year	**735.12**	586.82
Cost of raw materials consumed	**5,060.67**	4,637.29
Cost of traded goods sold		
Inventory at the beginning of the year	**12.12**	11.79
Add : Purchases during the year	**357.12**	401.59
Less : Inventory at the end of the year	**27.64**	12.12
Cost of traded goods sold	**341.60**	401.26
26 Purchases of traded goods		
Motors and other machines	**87.97**	80.47
Transformers	**5.05**	15.13
Switchgears	**21.29**	16.53
Power invertors	**3.50**	4.77
Others	**239.31**	284.69
	357.12	401.59
27 Changes in inventories of finished goods, traded goods and work-in-progress		
Opening stock		
- Finished goods	**45.89**	57.03
- Work-in-progress	**292.78**	348.61
- Traded goods	**12.12**	11.79
	350.79	417.43
Closing stock		
- Finished goods	**65.24**	45.89
- Work-in-progress	**323.42**	292.78
- Traded goods	**27.64**	12.12
	416.30	350.79
	(65.51)	66.64
28 Employee benefit expenses		
Salaries, wages and bonus	**679.57**	649.08
Gratuity	**11.64**	9.00
Provident fund	**23.43**	18.82
Contribution to superannuation and other funds	**24.24**	23.63
Staff welfare expenses	**43.88**	39.12
Training, recruitment and transfer expenses	**13.54**	10.61
	796.30	750.26
29 Depreciation and amortisation expense		
Depreciation of tangible assets	**146.18**	136.08
Amortisation of intangible assets	**11.79**	14.87
	157.97	150.95
30 Finance costs		
Interest expenses	**60.66**	72.51
Bill discounting and other charges	**11.61**	12.41
Interest expense on provisions measured at amortised cost	**5.04**	6.96
	77.31	91.88

31 Other expenses

(₹ in Crores)

	Dec 2017	Dec 2016
Consumption of stores and spares	**29.86**	28.85
Packing expenses	**32.58**	31.04
Royalty and technology fees	**289.56**	306.20
Freight and forwarding	**138.66**	126.73
Postage and telephone	**8.83**	10.30
Commission (other than sole selling agent)	**5.42**	5.27
Power and fuel	**67.54**	64.36
Travelling and conveyance	**143.47**	136.62
Insurance	**32.84**	16.04
Rates and taxes	**27.93**	58.42
Rent	**38.30**	42.93
Repairs :		
Buildings	**5.07**	6.19
Plant and machinery	**30.51**	30.11
Others	**6.02**	7.24
Provision for doubtful debts and advances (net)	**(3.91)**	88.08
Bad debts / advances written off	**119.17**	39.96
Loss on sale of fixed assets (net)	**6.66**	-
Printing and stationery	**5.80**	6.93
Bank charges	**11.08**	15.71
CSR expenditure	**9.48**	7.41
Legal and professional	**47.94**	33.21
Auditor's remuneration	**1.96**	2.34
Trade-mark fees	**101.33**	66.99
Information technology expenses	**142.33**	144.01
Exchange rate difference - loss (net)	**26.85**	51.09
Director's fees and commission	**0.94**	1.08
Services from third parties	**98.34**	81.93
Testing and inspection charges	**37.10**	22.63
Seminar and publicity expenses	**10.97**	8.54
Group management fees etc.	**146.05**	113.53
Miscellaneous	**45.70**	30.47
	1,664.38	1,584.21
Auditor‘s remuneration (excluding service tax)*		
As auditor:		
Audit fee	**0.90**	1.02
Tax audit fee	**0.26**	0.26
Limited review	**0.53**	0.39
In other capacity:		
Sox and group reporting fees	**-**	0.50
Certification, etc	**0.16**	0.05
Reimbursement of expenses	**0.11**	0.12
	1.96	2.34
* Current year auditors remuneration includes ₹ 0.51 Crores paid to erstwhile auditors.		
Details of CSR expenditure		
Gross amount required to be spent during the year	**9.33**	7.49
Amount spent during the year		
Construction/acquisition of any asset	**2.16**	4.96
On purposes other than above	**7.32**	2.45
	9.48	7.41

32 Earning per share (EPS)

(₹ in Crores)

	Dec 2017	Dec 2016
The following reflects the income and share data used in the basic and diluted EPS computations		
a) Profit after tax	**419.95**	374.47
b) Profit attributable to equity shareholders	**419.95**	374.47
c) Weighted average number of Equity Shares outstanding during the year	**21,19,08,375**	21,19,08,375
d) Nominal value of shares (in ₹)	**2.00**	2.00
e) Earnings per share- Basic and diluted (in ₹)	**19.82**	17.67

33 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)

		Dec 2017	Dec 2016	Jan 1, 2016
A	**Gratuity**			
	The following table sets out movement in defined benefits liability and the amount recognised in the financial statements:			
	Gratuity provision	**0.61**	15.00	1.35
	Total	**0.61**	15.00	1.35

(₹ in Crores)

		Defined benefit obligation	Fair value of plan assets	Benefit liability
i	**Changes in the defined benefit obligation and fair value of plan assets as at December 31, 2017:**			
	Gratuity cost charged to profit or loss:			
	As at January 1, 2016	113.93	112.58	1.35
	Service cost	9.40	-	9.40
	Net interest expense	8.44	8.84	(0.40)
	Total amount recognised in statement of profit and loss (Note 28)	17.84	8.84	9.00
	Remeasurement (gains)/losses in other comprehensive income:			
	Return on plan assets (excluding amounts included in net interest expense)	-	0.20	(0.20)
	Actuarial changes arising from changes in financial assumptions	13.34	-	13.34
	Experience adjustments	4.42	-	4.42
	Total amount recognised in other comprehensive income	17.76	0.20	17.56
	Contributions by employer	-	12.91	(12.91)
	Benefits paid	(17.06)	(17.06)	-
	As at December 31, 2016	132.47	117.47	15.00
	Service cost	**11.39**	**-**	**11.39**
	Net interest expense	**8.33**	**8.08**	**0.25**
	Total amount recognised in statement of profit and loss (Note 28)	**19.72**	**8.08**	**11.64**
	Remeasurement (gains)/losses in other comprehensive income:			
	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**
	Total amount recognised in other comprehensive income	**(1.54)**	**1.85**	**(3.39)**
	Contributions by employer	**-**	**22.64**	**(22.64)**
	Benefits paid	**(16.53)**	**(16.53)**	**-**
	As at December 31, 2017	**134.12**	**133.51**	**0.61**

ii	**Amount recognized in balance sheet**	**Dec 2017**	Dec 2016	Jan 1, 2016
	Present value of funded obligations	134.12	132.47	113.93
	Fair value of plan assets	133.51	117.47	112.58
	Net funded obligation	(0.61)	(15.00)	(1.35)
	Net defined benefit (liability) / asset recognised in balance sheet	(0.61)	(15.00)	(1.35)
iii	**Expense recognised in profit or loss**			
	Current Service Cost	**11.39**	9.40	
	Interest Cost	**0.25**	(0.40)	
		11.64	9.00	
iv	**Remeasurements recognised in other comprehensive income**			
	Actuarial (gain) loss on defined benefit obligation	**(1.54)**	17.76	
	Return on plan assets excluding interest income	**(1.85)**	(0.20)	
		(3.39)	17.56	
v	**The major categories of plan assets of the fair value of the total plan assets are as follows:**			
	Investments quoted in active markets			
	Government of India Securities (Central and State)	**15.10%**	23.40%	
	PSU securities	**10.67%**	13.00%	
	Special deposit scheme / Funds with LIC	**68.14%**	58.10%	
	Others (including bank balances)	**6.09%**	5.50%	
	Total	**100.00%**	100.00%	
vi	**The principal assumptions used in determining gratuity obligations are shown below:**			
	Discount rate	**7.40%**	6.70%	
	Future salary increases	**7.75%**	7.75%	

(₹ in Crores)

		Dec 2017	Dec 2016
vii	**The following payments are expected contributions to the defined benefit plan in future years**		
	Within the next 12 months (next annual reporting period)	**10.05**	10.04
	Between 2 and 5 years	**54.92**	51.62
	Beyond 5 years	**86.81**	79.32
	Total expected payments	**151.78**	140.98
	The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years.		

(₹ in Crores)

		Dec 2017		Dec 2016	
		Discount rate	**Future salary increases**	**Discount rate**	Future salary increases
viii	**A quantitative sensitivity analysis for significant assumption as at December 31, 2017 is as shown below:**				
	Sensitivity analysis				
	1% increase	**(10.25)**	**11.73**	(10.48)	11.97
	1% decrease	**11.88**	**(10.32)**	12.21	(10.48)
	Impact on defined benefit obligation				
	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
i	**Changes in the defined benefit obligation and fair value of plan assets**			
	As at January 1, 2016	**484.95**	**487.55**	**(2.60)**
	Current service cost	17.72	-	17.72
	Contribution by plan participants	49.87	-	-
	Interest expense	38.92	-	38.92
	Return on plan assets	-	39.26	(39.26)
	Employees contributions	-	67.17	(67.17)
	Benefit payments	(47.26)	(47.26)	-
	Transfer In / (Out)	(39.07)	(39.07)	-
	Actuarial (gain)/loss	1.44	-	1.44
	As at December 31, 2016	**506.57**	**507.65**	**(1.08)**
	Current service cost	**20.76**	**-**	**20.76**
	Contribution by plan participants	**53.05**	**-**	**-**
	Interest expense	**43.81**	**-**	**43.81**
	Return on plan assets	**-**	**53.38**	**(53.38)**
	Employees 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**

(₹ in Crores)

		Dec 2017	Dec 2016	Jan 1, 2016
ii	**Amount recognized in balance sheet**			
	Present value of funded obligations	**561.47**	506.57	484.95
	Fair value of plan assets	**559.12**	507.65	487.55
	Net funded obligation	**(2.35)**	-	-
	Net defined benefit (liability) / asset recognised in balance sheet	**(2.35)**	-	-
iii	**Total amount recognised in statement of profit and loss (Note 28)**			
	Current service cost	**20.76**	17.72	
	Interest expense	**43.81**	38.92	
	Return on plan assets	**(53.38)**	(39.26)	
	Actuarial (gain)/loss	**12.24**	1.44	
		23.43	18.82	
iv	**The principal assumptions are shown below:**			
	Discount rate	**7.40%**	6.70%	
	Expected return on EPFO	**8.60%**	8.75%	
v	**A quantitative sensitivity analysis for significant assumption as at December 31, 2017 is as shown below:**			
	0.5% increase in discount rate		(14.46)	
	0.5% decrease in discount rate		24.79	
	Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach			
vi	**The major categories of plan assets of the fair value of the total plan assets are as follows:**			
	Investments quoted in active markets			
	Government of India Securities (Central and State)	**48.85%**	43.00%	
	PSU securities	**38.15%**	38.90%	
	Special deposit scheme / Funds with LIC	**5.20%**	4.60%	
	Others (including bank balances)	**7.80%**	13.50%	
	Total	**100.00%**	100.00%	
vii	The company contributed ₹ **20.00 Crores** towards employer's contribution for provident fund during the year December 2017.			
viii	The provident plans are applicable only to employees drawing a salary in Indian rupees and there are no other significant foreign defined benefit plans.			

34 Fair value hierarchy

The Company's assets and liabilities which are measured at amortised cost for which fair value are disclosed at December 31, 2017

(i) Fair value hierarchy

(₹ in Crores)

Particulars	Dec 2017	Dec 2016	Jan 1, 2016
Financial Assets at amortised cost			
Investments (refer note 5)	**16.21**	16.30	16.38
Loans (refer note 6)	**39.82**	35.88	32.98
Trade and other receivables (refer note 11)	**2,787.78**	2,970.72	3,353.77
Cash and cash equivalents (refer note 12)	**1,489.19**	1,186.92	571.55
Other financial assets (refer note 7)	**650.28**	358.60	348.21
Financial assets at fair value through profit and loss :			
Investments (refer note 5)	**254.41**	0.01	0.01
Derivative instruments (refer note 7)	**48.59**	26.74	27.96
Total financial assets	**5,286.28**	4,595.17	4,350.86
Financial liablities at amortised cost			
Borrowing (refer note 18)	**-**	600.00	600.00
Trade payables (refer note 21)	**2,713.11**	2,157.30	2,102.29
Other financial liability (refer note 19)	**1,120.73**	466.73	425.14
Financial assets at fair value through profit and loss :			
Derivative instruments (refer note 19)	**62.44**	63.94	49.39
Total financial liabilities	**3,896.28**	3,287.97	3,176.82

(₹ in Crores)

Particulars	Amount	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss :				
Derivative instruments (refer note 7) - **As at December 31, 2017**	**48.59**	**-**	**48.59**	-
Derivative instruments (refer note 7) - As at December 31, 2016	26.74	-	26.74	-
Derivative instruments (refer note 7) - As at January 1, 2016	27.96	-	27.96	-
Investments (refer note 5) - **As at December 31, 2017**	**254.41**	**254.41**	**-**	-
Investments (refer note 5) - As at December 31, 2016	0.01	-	0.01	-
Investments (refer note 5) - As at January 1, 2016	0.01	-	0.01	-
Financial liabilities at fair value through profit and loss :				
Derivative instruments (refer note 19) - **As at December 31, 2017**	**62.44**	**-**	**62.44**	-
Derivative instruments (refer note 19) - As at December 31, 2016	63.94	-	63.94	-
Derivative instruments (refer note 19) - As at January 1, 2016	49.39	-	49.39	-

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 and Level 2 during the year

The carrying value of trade receivables , trade payables , other financial assets and liabilities and cash and cash equivalents are considered to be the same as there fair value, due to there 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 employs 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.

35 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 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.

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	CHF	EUR	JPY	SEK	USD	Others
Trade Receivables						
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)**
As at December 31, 2016	-	59.40	-	-	67.44	7.07
1% increase	-	0.59	-	-	0.67	0.07
1% decrease	-	(0.59)	-	-	(0.67)	(0.07)
As at January 1, 2016	22.65	122.30	-	-	281.35	4.35
1% increase	0.23	1.22	-	-	2.81	0.04
1% decrease	(0.23)	(1.22)	-	-	(2.81)	(0.04)
Trade payables						
As at December 31, 2017	**19.17**	**150.15**	**-**	**303.84**	**289.21**	**58.00**
1% increase	**0.19**	**1.50**	**-**	**3.04**	**2.89**	**0.58**
1% decrease	**(0.19)**	**(1.50)**	**-**	**(3.04)**	**(2.89)**	**(0.58)**
As at December 31, 2016	34.67	5.45	43.06	21.73	80.48	13.45
1% increase	0.35	0.05	0.43	0.22	0.80	0.13
1% decrease	(0.35)	(0.05)	(0.43)	(0.22)	(0.80)	(0.13)
As at January 1, 2016	58.93	111.28	93.52	15.17	156.22	3.77
1% increase	0.59	1.11	0.94	0.15	1.56	0.04
1% decrease	(0.59)	(1.11)	(0.94)	(0.15)	(1.56)	(0.04)
Cash and cash equivalents						
As at December 31, 2017	**-**	**-**	**-**	**-**	**-**	**42.96**
1% increase	**-**	**-**	**-**	**-**	**-**	**0.43**
1% decrease	**-**	**-**	**-**	**-**	**-**	**(0.43)**
As at December 31, 2016	-	-	-	-	-	53.96
1% increase	-	-	-	-	-	0.54
1% decrease	-	-	-	-	-	(0.54)
As at January 1, 2016	-	-	-	-	-	27.73
1% increase	-	-	-	-	-	0.28
1% decrease	-	-	-	-	-	(0.28)

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)

	Dec 2017	Dec 2016
(a) Forward contract for export debtors outstanding	**24.19**	12.88
(b) Forward contract for import creditors outstanding	**25.14**	44.89
(c) Forward cover for expected future sales / purchases	**7.00**	2.60

(c) Forward contracts outstanding as of December 31, 2017

(₹ in Crores)

Currency	Dec 2017			Dec 2016		
	Number of Contracts	**Amount in Foreign Currency Crores**	**(₹ in Crores)**	Number of Contracts	Amount in Foreign Currency Crores	(₹ in Crores)
Exports						
CHF	**10**	**0.07**	**5.14**	11	0.40	28.55
EUR	**143**	**1.39**	**110.09**	113	1.94	149.91
SEK	**6**	**30.89**	**268.66**	-	-	-
USD	**408**	**10.07**	**678.64**	300	4.17	289.92
Others	**14**	**1.20**	**6.72**	23	2.30	13.18
			1,069.25			481.56

Currency	Dec 2017			Dec 2016		
	Number of Contracts	**Amount in Foreign Currency Crores**	**(₹ in Crores)**	Number of Contracts	Amount in Foreign Currency Crores	(₹ in Crores)
Imports						
CHF	**126**	**2.05**	**141.10**	147	1.85	133.73
EUR	**788**	**6.08**	**478.55**	407	4.37	334.56
JPY	**5**	**4.61**	**2.66**	14	157.27	104.60
SEK	**197**	**44.74**	**374.20**	76	5.87	48.09
USD	**624**	**8.23**	**551.71**	558	4.73	329.90
Others	**86**	**6.17**	**61.53**	35	1.39	16.53
			1,609.75			967.41

iii. Interest rate risk

The Company's exposure to changes in interest rates realtes primarily to the Company's outstanding Non-convertible debentures (linked to MIBOR). The Company also has interest bearing advances which is in local currency and is on fixed rate basis and hence not subject to interest rate risk

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

(₹ in Crores)

	Dec 2017	Dec 2016	Jan 1, 2016
Non- convertible debentures	**600.00**	600.00	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**	
	Dec 2017	Dec 2016	**Dec 2017**	Dec 2016
Interest rates - increase by 0.25% in INR interest rate *	**(1.50)**	(1.50)	**(1.50)**	(1.50)
Interest rates - decrease by 0.25% in INR interest rate *	**1.50**	1.50	**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.

(i) 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.

Ageing of trade receivables and the provision provided in books for trade receivables overdue:

Reconciliation of loss allowance

(₹ in Crores)

	Dec 2017	Dec 2016
Opening balance	**594.10**	506.42
Add: Additional ECL provision	**26.37**	35.82
Add: Additional provision	**114.07**	112.56
Less: Utilisation/reversals	**143.63**	60.70
Closing balance	**590.91**	594.10

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, bank loans 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.

(₹ in Crores)

	Dec 2017			Dec 2016		
	On demand	**Less than 1 year**	**Total**	On demand	Less than 1 year	Total
Year ended						
31-Dec-17						
Other financial liabilities	**-**	**1,116.87**	**1,116.87**	-	462.82	462.82
Trade payables	**-**	**2,713.11**	**2,713.11**	-	2,157.30	2,157.30
Total non-derivative liabilities	**-**	**3,829.98**	**3,829.98**	-	2,620.12	2,620.12

36 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, securtities 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)

	Dec 2017	Dec 2016	Jan 1, 2016
Borrowings	**4.14**	600.04	600.00
Trade payables	**2,713.11**	2,157.30	2,102.29
Other financial liabilities	**1,183.17**	530.67	474.53
Less: cash and cash equivalents	**(1,489.19)**	(1,186.92)	(571.55)
Net debts	**2,411.23**	2,101.09	2,605.27
Total equity	**3,606.89**	3,286.70	3,018.08
Capital and net debt	**6,018.12**	5,387.79	5,623.35
Gearing ratio	**40.07%**	39.00%	46.33%

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, 2017.

37 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.

38 Contingent liabilities and contingent assets

(₹ in Crores)

	Dec 2017	Dec 2016
Contingent liabilities		
Excise duty /service tax and sales tax liablities dispute	**667.50**	528.25
Custom duty liabilities in dispute	**4.90**	2.31
Claims against the Company not acknowledged as debts	**240.32**	74.87
Income tax matters in dispute	**16.98**	45.37
	929.70	650.80

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.

39 Commitments

(₹ in Crores)

	Dec 2017	Dec 2016
(a) Capital commitments		
Estimated amount of contracts remaining to be executed on account of capital commitments and not provided for (net of advances)	**115.04**	69.43

(b) **Non-cancellable operating leases**

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 ₹ **38.30 crores** (Previous Year ₹ 42.93 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	**13.31**	14.83
Later than one year but not later than five years	**19.82**	12.82
Later than five years	**0.32**	0.70
	33.45	28.35

(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:

	Dec 2017	
	Minimum lease payments	PV of minmum lease payments
Within one year	**5.13**	4.21
After one year but not More than five years	**5.05**	4.14
More than five years	**-**	-
Total minimum lease payments	**10.18**	8.35
Less: Amount representing finance charges	**1.83**	
Present value of minimum lease payments	**8.35**	

40 Segment disclosures

40(a) Segment information

The Chief Operating Decision Maker (CODM) evalutes 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) Segment Information

(₹ in Crores)

Composition of business segments	Robotics and Motion	Electrification Products	Industrial Automation	Power Grids	Total
External sales (inclusive of excise duty)	**1,836.83**	**2,277.88**	**1,364.44**	**3,732.51**	**9,211.66**
	(1,821.66)	(2,175.87)	(1,441.90)	(3,580.70)	(9,020.13)
Inter segment sales	**90.44**	**129.40**	**41.47**	**41.26**	**302.57**
	(94.59)	(180.98)	(37.24)	(65.47)	(378.28)
Other operating revenue	**8.66**	**31.80**	**3.27**	**58.66**	**102.39**
	(19.65)	(33.15)	(5.96)	(44.45)	(103.21)
Segment revenues	**1,935.93**	**2,439.08**	**1,409.18**	**3,832.43**	**9,616.62**
	(1,935.90)	(2,390.00)	(1,485.10)	(3,690.62)	(9,501.62)
Segment results	**162.77**	**281.18**	**170.03**	**242.87**	**856.85**
	(172.05)	(284.35)	(157.82)	(169.32)	(783.54)
Segment assets	**1,005.43**	**1,222.52**	**957.15**	**3,129.87**	**6,314.97**
	(870.90)	(1,131.26)	(967.50)	(2,871.90)	(5,841.56)
Segment liabilities	**710.61**	**698.15**	**619.93**	**2,473.09**	**4,501.78**
	(605.45)	(657.63)	(569.90)	(1,839.53)	(3,672.51)
Depreciation / amortisation	**16.87**	**31.67**	**5.13**	**56.92**	**110.59**
	(18.64)	(35.27)	(4.88)	(56.40)	(115.19)

vi) Reconciliation of reportable segments with the financial statements

(₹ in Crores)

	Revenues	Results / Net profit	Assets	Liabilities
Total segments	**9,616.62**	**856.85**	**6,314.97**	**4,501.78**
	(9,501.62)	(783.54)	(5,841.56)	(3,672.51)
Corporate - unallocated (net)	**61.05**	**(157.78)**	**2,573.08**	**779.38**
	(60.18)	(118.39)	(1,889.64)	(771.99)
Inter segment sales	**(302.57)**	**-**	**-**	**-**
	(-378.28)	(-)	(-)	(-)
Interest expense	**-**	**(77.31)**	**-**	**-**
	(-)	(91.88)	(-)	(-)
Provision for tax	**-**	**(201.81)**	**-**	**-**
	(-)	(198.80)	(-)	(-)
As per financial statements	**9,375.10**	**419.95**	**8,888.05**	**5,281.16**
	(9,183.52)	(374.47)	(7,731.20)	(4,444.50)

B) Composition of geographical segments

(₹ in Crores)

	India	Rest of world	Total
Segment revenues	**8,123.18**	**1,251.92**	**9,375.10**
	(7,790.52)	(1,393.00)	(9,183.52)
Segment non-current assets*	**1,546.20**	**-**	**1,546.20**
	(1,546.20)	(-)	(1,541.20)

* Non current assets does not include deferred tax assets, financial instruments and non-current tax assets.

No client individually accounted for more than 10% of the revenues in the year ended December 31, 2017 and December 31, 2016.

41 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 (China) Ltd., Beijing, China
ABB (Hong Kong) Ltd., Hong Kong, Hong Kong
ABB (Namibia) (Pty) Ltd., Windhoek, Namibia
ABB (Private) Ltd., Harare, Zimbabwe
ABB (Pty) Ltd., Gaborone, Botswana
ABB (Pvt) Ltd., Lahore, Pakistan
ABB A/S, Skovlunde, Denmark
ABB AB, Västerås, Sweden
ABB AG, Mannheim, Germany
ABB AG, Vienna, Austria
ABB AS, Billingstad, Norway
ABB AS, Jüri, Estonia
ABB Manufacturing Sdn. Bhd., Subang Jaya, Malaysia
ABB Australia Pty Limited, Moorebank, NSW, Australia
ABB Automation Co. Ltd., Riyadh, Saudi Arabia
ABB Automation GmbH, Mannheim, Germany
ABB Automation L.L.C., Abu Dhabi, United Arab Emirates
ABB Automation Products GmbH, Ladenburg, Germany
ABB B.V., Rotterdam, Netherlands
ABB Bailey Beijing Engineering Co. Ltd., Beijing, China
ABB Bailey Japan Limited, Shizuoka-Ken, Japan
ABB Beijing Drive Systems Co. Ltd., Beijing, China
ABB Beteiligungs-Management GmbH, Mannheim, Germany
ABB Bulgaria EOOD, Sofia, Bulgaria
ABB Business Services Sp. z o.o., Warsaw, Poland
ABB Canada Holding Limited Partnership, Saint-Laurent, Canada
ABB Capital B.V., Rotterdam, Netherlands
ABB Chongqing Transformer Company Ltd., Chongqing, China
ABB Contracting Company Ltd., Riyadh, Saudi Arabia
ABB d.o.o., Belgrade, Serbia
ABB Ecuador S.A., Quito, Ecuador
ABB Electrical Industries Ltd., Riyadh, Saudi Arabia
ABB Electrical Machines Ltd., Shanghai, China
ABB Elektrik Sanayi A.S., Istanbul, Turkey
ABB Engg. Technologies Co. (KSCC), Safat, Kuwait
ABB Engineering (Shanghai) Ltd., Shanghai, China
ABB Engineering Trading and Service Ltd., Budapest, Hungary
ABB Enterprise Software Inc., Atlanta, GA, United States
ABB Enterprise Software UK Limited, Warrington, United Kingdom
ABB ESAP Limited, St. Peter's Port, Guernsey
ABB Finance B.V., Rotterdam, Netherlands
ABB for Electrical Industries (ABB ARAB) S.A.E., Cairo, Egypt
ABB France, Cergy Pontoise, France
ABB FZ-LLC, Dubai, United Arab Emirates
ABB Generators Ltd., Nanchang, China
ABB Genway Xiamen Electrical Equipment Co. Ltd., Xiamen, China
ABB Global Industries and Services Private Limited, Bengaluru, India
ABB Global Marketing FZ LLC, Dubai, United Arab Emirates
ABB Hefei Transformer Co. Ltd., Hefei, China
ABB High Voltage Switchgear (Xiamen) Company Ltd., Xiamen, China
ABB High Voltage Switchgear Co., Ltd. Beijing, Beijing, China
ABB Holdings B.V., Rotterdam, Netherlands
ABB Holdings Sdn. Bhd., Subang Jaya, Malaysia
ABB Import & Export Services Ltd., Oranjestad/Aruba (NA), Aruba
ABB Inc., Cary, NC, United States
ABB Inc., Cary, NC, United States
ABB Inc., Saint-Laurent, Quebec, Canada
ABB Industries (L.L.C.), Dubai, United Arab Emirates
ABB Industries FZ, Dubai, United Arab Emirates
ABB Information Systems Ltd., Zurich, Switzerland
ABB International Marketing Ltd in liquidation, Zurich, Switzerland
ABB Intra AG, Baden, Switzerland
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 Limited, Auckland, New Zealand
ABB LIMITED, Bangkok, Thailand
ABB Limited, Dar Es Salaam, United Republic of Tanzania
ABB Limited, Dhaka, Bangladesh
ABB Limited, Dublin, Ireland
ABB Limited, Nairobi, Kenya
ABB Limited, Warrington, United Kingdom
ABB Limited/Jordan LLC., Amman, Jordan
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., Seoul, Republic of 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 Malaysia Sdn Bhd., Subang Jaya, Malaysia
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 N.V., Zaventem, Belgium
ABB Near East Trading Ltd., Amman, Jordan
ABB Norden Holding AB, Västerås, Sweden
ABB Oryx Motors and Generators Service LLC, Doha, Qatar
ABB Oy, Helsinki, Finland
ABB Power & Automation (Private) Limited, Lahore, Pakistan
ABB Power Equipment (Xiamen) Co., Ltd., Xiamen, China
ABB Power Protection SA, Gambarogno, Switzerland
ABB Pte. Ltd., Singapore, Singapore
ABB Research Ltd., Zurich, Switzerland
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 Schweiz AG, Baden, Switzerland
ABB Sécheron S.A., Satigny, Switzerland
ABB Service Co. Ltd., Al Khobar, Saudi Arabia
ABB Shanghai Motors 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 South Africa (Pty) Ltd., Longmeadow, South Africa
ABB Sp. z o.o., Warsaw, Poland
ABB Stotz-Kontakt GmbH, Heidelberg, Germany
ABB Striebel & John GmbH, Sasbach, Germany
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 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 Turbo Systems (Hong Kong) Limited, Hong Kong, 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 Verwaltungs AG, Zurich, Switzerland
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 High Power Rectifier Company Limited, Xi'an, 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
Asea Brown Boveri Electrica SGPS (Angola) Limitada, Luanda, Angola
Asea Brown Boveri Industrial, Technical & Commercial Company of Imports – Exports S.A., Metamorphossis Attica, Greece
Asea Brown Boveri Lanka (Private) Limited, Colombo, Sri Lanka
Asea Brown Boveri Ltd., Moka, Mauritius
Asea Brown Boveri Ltda., La Paz, Plurinational State of Bolivia
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
Baldor Electric (Asia) PTE Ltd., Singapore, Singapore
Baldor Electric Company, Fort Smith, AR, United States
Busch-Jaeger Elektro GmbH, Lüdenscheid, Germany
Electrical Materials Center Co. Ltd, Riyadh, Saudi Arabia
Maska Power Transmission (Changzhou) Co.Ltd., Changzhou, China
Power-One Italy S.p.A., Terranuova Bracciolini (AR), Italy
Power-One Renewable Energy Solutions India Private Limited, Mumbai, India
Power-One Renewable Energy Solutions LLC, Delaware, United States
PT ABB Sakti Industri, Jakarta, Indonesia
Pucaro Elektro-Isolierstoffe GmbH, Roigheim, Germany
Shanghai ABB Power Transmission Company Ltd., Shanghai, China
Shantou Winride Switchgear Co., Ltd., Longhu District Shantou, China
Spirit IT B.V., Eindhoven, Netherlands
Sucursal Panama de ABB SA, Panama, Panama
Thomas & Betts Asia (Singapore) Pte. Ltd., Singapore, Singapore
Thomas & Betts Corporation, Knoxville, TN, United States
Thomas & Betts India Private Ltd., Hyderabad, India
Thomas & Betts Limited, Saint-Jean-sur-Richelieu, Quebec, Canada
Thomas & Betts Power Solutions LLC, Delaware, United States
Trasfor SA, Monteggio, Switzerland
Turbo Systems United Co. Ltd., Tokyo, Japan

Key managerial personnel :

(a) Managing Director	Sanjeev Sharma
(b) Non-Executive cum Independent Directors	Nasser Munjee
	Darius E. Udwadia
	Renu Sud Karnad
(c) Non-Executive Directors	Frank Duggan
	Tarak Mehta
(d) Chief Financial Officer	T. K. Sridhar
(e) Company Secretary	B. Gururaj

(₹ in Crores)

As at December 31,	**Dec 2017**	Dec 2016
b) Transactions with related parties		
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'.		
i) Revenue from operations		
Holding Company	**10.34**	11.28
Fellow Subsidiaries		
- ABB Schweiz AG, Baden, Switzerland	**98.24**	98.94
- Other fellow subsidiaries	**733.78**	672.10
	832.02	771.04
	842.36	782.32

(₹ in Crores)

As at December 31,	Dec 2017	Dec 2016
ii) Purchases of raw materials, components, project items and traded goods		
Fellow Subsidiaries		
- ABB Oy, Helsinki, Finland	**287.51**	386.28
- ABB Pte. Ltd., Singapore, Singapore	**183.98**	106.37
- ABB AB, Västerås, Sweden	**159.04**	152.05
- Other fellow subsidiaries	**994.93**	949.32
	1,625.46	1,594.02
iii) Expenditure on ESAP charges		
Fellow Subsidiaries		
- ABB ESAP Limited, St. Peters' Port, Guernsey	**0.76**	0.38
iv) Expenditure on royalty, technology and trade-mark fees		
Holding Company	**101.31**	66.93
Fellow Subsidiaries		
- ABB Schweiz AG, Baden, Switzerland	**263.40**	274.67
- Other fellow subsidiaries	**21.90**	17.47
	285.30	292.14
	386.61	359.07
v) Expenditure on information technology, engineering, management and other services*		
Holding Company	**14.15**	15.72
Fellow Subsidiaries		
- ABB Information Systems Ltd., Zurich, Switzerland	**89.46**	91.23
- ABB Management Services Limited, Zurich, Switzerland	**75.82**	58.21
- ABB Global Industries and Services Private Limited, Bengaluru, India	**40.08**	50.55
- ABB Oy., Helsinki, Finland	**29.68**	27.45
- Other fellow subsidiaries	**65.78**	38.35
	300.82	265.79
	314.97	281.51
*net of reimbursements		
vi) Expenses recovered from group companies		
Holding Company	**0.20**	1.34
Fellow Subsidiaries		
- ABB AB, Västerås, Sweden	**6.41**	18.95
- ABB Management Services Limited, Zurich, Switzerland	**2.98**	9.55
- ABB Schweiz AG, Baden, Switzerland	**1.78**	0.81
- ABB Global Industries and Services Private Limited, Bengaluru, India	**1.44**	8.82
- Other fellow subsidiaries	**4.66**	11.17
	17.27	49.30
	17.47	50.64
vii) Capital expenditure for technical know-how		
Fellow Subsidiaries		
- ABB S.p.A., Milan, Italy	**-**	0.79
- ABB Oy., Helsinki, Finland	**-**	0.40
- ABB Electrical Machines Ltd., Shanghai, China	**0.71**	-
	0.71	1.19

(₹ in Crores)

As at December 31,	Dec 2017	Dec 2016
viii) Other capital expenditure		
Fellow Subsidiaries		
- ABB Schweiz AG, Baden, Switzerland	**2.58**	1.04
- ABB AB, Västerås, Sweden	**0.89**	3.43
- ABB AS, Jüri, Estonia	**1.92**	-
- ABB Oy., Helsinki, Finland	**0.57**	0.85
- Other fellow subsidiaries	**1.26**	1.86
	7.22	7.18
ix) Interest Expenses		
Fellow Subsidiaries		
- ABB Capital B.V., Rotterdam, Netherlands.	**41.86**	44.75
x) Dividend paid during the year		
Holding Company	**58.55**	54.16
Fellow Subsidiaries	**5.02**	4.64
	63.57	58.80
xi) Remuneration to key managerial personnel		
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		
Particulars		
Short term employee benefits	**8.14**	5.81
Post employment benefits#	**0.36**	0.34
Directors' Sitting fees	**0.07**	0.06
Commission to Directors	**0.95**	0.74
Total	**9.52**	6.95
# 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		
c) Amount due to / from related parties		
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'.		
i) Trade receivables		
Holding Company	**0.01**	-
Fellow Subsidiaries		
- ABB Schweiz AG, Baden, Switzerland	**23.58**	32.04
- Other fellow subsidiaries	**200.97**	182.95
	224.55	214.99
	224.56	214.99
- Add/ (Less) :Impact of foreign currency restatement	**(0.36)**	1.72
	224.20	216.71
ii) Other financial assets		
Holding Company	**2.40**	2.65
Fellow Subsidiaries		
- ABB Schweiz AG, Baden, Switzerland	**16.48**	17.59
- ABB Global Industries and Services Private Limited, Bengaluru, India	**7.19**	6.00
- Other fellow subsidiaries	**7.69**	6.64
	31.36	30.23
	33.76	32.88
- Add/ (Less) :Impact of foreign currency restatement	**0.16**	0.07
	33.92	32.95

(₹ in Crores)

As at December 31,	Dec 2017	Dec 2016
iii) Other current assets		
Fellow Subsidiaries		
- ABB Oy, Helsinki, Finland	**14.06**	1.59
- ABB AB, Västerås, Sweden	**13.98**	1.24
- ABB High Voltage Switchgear (Xiamen) Company Ltd., Xiamen, China	**3.32**	1.89
- ABB Schweiz AG, Baden, Switzerland	**1.95**	1.83
- ABB Turbo Systems AG, Baden, Switzerland	**-**	1.57
- Other fellow subsidiaries	**0.70**	-
	34.01	8.12
- Add/ (Less) :Impact of foreign currency restatement	**(0.24)**	(0.22)
	33.77	7.90
iv) Trade payables		
Fellow Subsidiaries		
- ABB AB, Västerås, Sweden	**236.96**	56.25
- ABB Oy, Helsinki, Finland	**87.59**	143.54
- ABB Schweiz AG, Baden, Switzerland	**85.82**	42.93
- Other fellow subsidiaries	**406.12**	353.12
	816.49	595.84
- Add/ (Less) :Impact of foreign currency restatement	**(1.59)**	(3.17)
	814.90	592.67
v) Other financial liabilities		
Holding Company	**25.81**	11.53
Fellow Subsidiaries		
- ABB Schweiz AG, Baden, Switzerland	**21.58**	0.19
- ABB Global Industries and Services Private Limited, Bengaluru, India	**18.81**	-
- ABB S.p.A., Milan, Italy	**3.41**	2.62
- Other fellow subsidiaries	**15.77**	3.79
	59.57	**6.60**
	85.38	18.13
- Add/ (Less) :Impact of foreign currency restatement	**(0.06)**	(0.10)
	85.32	18.03
vi) Other current liabilities		
Fellow Subsidiaries		
- ABB SRL, Bucharest, Romania	**2.67**	-
- ABB Industries FZ, Dubai, United Arab Emirates	**2.01**	-
- PT ABB Sakti Industri, Jakarta, Indonesia	**0.93**	3.16
- ABB Schweiz AG, Baden, Switzerland	**0.05**	2.35
- ABB Technology SA, Abidjan, Cote d'Ivoire	**-**	1.87
- ABB Ltd., Hanoi, Viet Nam	**0.21**	1.67
- Other fellow subsidiaries	**4.39**	5.93
	10.26	14.98
- Add/ (Less) :Impact of foreign currency restatement	**(0.03)**	0.12
	10.23	15.10
vii) Interest accrued but not due		
Fellow Subsidiaries		
- ABB Capital B.V., Rotterdam, Netherlands	**3.16**	3.13
viii) Borrowings outstanding		
Fellow Subsidiaries		
- ABB Capital B.V., Rotterdam, Netherlands	**600.00**	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.

42 Construction Contracts

(₹ in Crores)

As at December 31,	Dec 2017	Dec 2016
Contract revenue recognised for the financial year	**2,223.18**	2,319.84
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all the contracts in progress up to the reporting date	**9,068.88**	9,386.58
Amount of customer advances outstanding for contracts in progress	**580.73**	257.61
Amount of retentions due from customers for contracts in progress	**656.47**	721.35
Amount due from customers for contracts in progress	**1,129.40**	1,291.65
Amount due to customers for contracts in progress	**203.63**	222.31
Contingent liabilities and contingent assets	**-**	-

43 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, 2017.

Year	Commodity	Number of contracts	Contractual quantity	Buy /Sell
As at Dec 2017	**Copper**	**101**	**1927 MTs**	**Buy**
As at Dec 2017	**Silver**	**13**	**104,556 Ounce**	**Buy**
As at Dec 2016	Copper	48	971 MTs	Buy
As at Dec 2016	Silver	18	55,800 Ounce	Buy
As at Jan 1, 2016	Copper	52	1,033 MTs	Buy
As at Jan 1, 2016	Silver	21	50,312 Ounce	Buy

44 First time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS. For periods up to and including the year ended 31 December 2016, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with rule 7 of the Companies (Accounts) Rules, 2014 ('previous GAAP').

Accordingly, the Company has prepared financial statements for the comparitive period as at and for the year ended 31 December 2016 that comply with the Ind AS applicable, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 January 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements, including the balance sheet as at 1 January 2016 and the comparitive financial statements as at and for the year ended 31 December 2016.

A Ind AS optional exemptions

i) Deemed cost for property, plant and equipment, investment property and intangible assets

Ind AS 101 First-time Adoption of Indian Accounting Standards, permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

ii) Lease

Appendix C to Ind AS 17, Leases, requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, Leases, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101, First-time Adoption of Indian Accounting Standards, provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. Accordingly, the Company has opted to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS.

iii) Business Combinations

As per Ind AS 101, at the date of transition, the Company may elect not to restate business combinations that occurred before the date of transition. If the Company reinstates any business combinations that occurred before the date of transition, then it restates all later business combinations from that same date. The Company has opted to restate all the business combinations prospectively occurring from the transition date.

iv) Share based payment transactions

Ind AS 101 permits a first time adopter to elect not to apply principles of Ind AS 102 to liabilities arising from share based payment transactions that were settled before the date of transition. The Company has elected not to apply Ind AS 102- "Share based payment" on stock options/ performance stock units that vested before date of transition.

B Ind AS mandatory exemptions

i) Estimates

In accordance with Ind AS, as at the date of transition to Ind AS an entity's estimates shall be consistent with the estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 January 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

Impairment of financial assets based on expected credit loss model.

ii) Classification and measurement of financial assets and liabilities

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 Financial Instruments are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

a) The effects of the retrospective application or retrospective restatement are not determinable; or
b) The retrospective application or restatement requires assumptions about what management's intent would have been in that period; or
c) The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

iii) De-recognition of financial assets and liabilities

Ind AS 101 First-time Adoption of Indian Accounting Standards, requires a first-time adopter to apply the de-recognition provisions of Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 First-time Adoption of Indian Accounting Standards, allows a first-time adopter to apply the de-recognition requirements in Ind AS 109, Financial Instruments, retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109, Financial Instruments, to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109, Financial Instruments, prospectively from the date of transition to Ind AS.

iv) Impairment of financial assets

Ind AS 101 requires an entity to assess and determine the impairment allowance on financial assets as per Ind AS 109 using the reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments which were initially recognised and compare that to the credit risk at the date of transition to Ind AS. The Company has applied this exception prospectively.

C Reconciliations between previous GAAP and Ind AS

Ind AS 101 First-time Adoption of Indian Accounting Standards, requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS as at the periods specified below.

i) Reconciliation of other equity

The Company has prepared a reconciliation of equity as at 31 December 2016 and 1 January 2016 under the previous GAAP with the equity as reported in these financial statements under Ind AS, that reflect the impact of Ind AS on the components of statement of Balance sheet which is presented below:

(₹ in Crores)

Reconciliation as at December 31, 2016	**December 31, 2016**	January 1, 2016
Equity as per previous GAAP	**3,282.78**	3,008.55
(i) Impact of provision for expected credit loss and discounting of financial assets /liabilities, net	**(147.27)**	(132.71)
(ii) Mark to market of forward contracts and embedded derivatives	**(10.58)**	(11.76)
(iii) Proposed dividend and tax thereon	**102.02**	94.37
(iv) Others	**7.73**	14.69
(v) Tax impact of above adjustments (net)	**52.02**	44.94
Equity as per IND AS	**3,286.70**	**3,018.08**

ii. Reconciliation of equity as at January 1, 2016 (date of transition to Ind AS)

(₹ in Crores)

	Notes	Previous GAAP *	Adjustments	Ind AS
Assets				
Non-current assets				
Property, plant and equipment		1,199.36	-	1,199.36
Capital work-in-progress		44.28	-	44.28
Goodwill		46.42	-	46.42
Other intangible assets		52.64	-	52.64
Financial assets				
Investments		16.31	-	16.31
Loans		15.40	-	15.40
Others		6.69	-	6.69
Deferred tax assets (net)	4	48.96	44.94	93.90
Non-current tax assets (net)		190.37	-	190.37
Other non-current assets		200.09	1.43	201.52
		1,820.52	46.37	1,866.89
Current assets				
Inventories		939.57	-	939.57
Financial assets				
Investments		0.08	-	0.08
Trade receivables	3	3,397.40	(43.63)	3,353.77
Cash and cash equivalents		571.55	-	571.55
Bank balance other than cash and cash equivalents		2.04	-	2.04
Loans		25.18	(1.59)	23.59
Other financial assets	8,9	388.08	37.61	425.69
Other current assets		261.22	-	261.22
		5,585.12	(7.61)	5,577.51
Total Assets		7,405.64	38.76	7,444.40
Equity and liabilities				
Equity				
Equity share capital		42.38	-	42.38
Other equity	11	2,966.17	9.53	2,975.70
		3,008.55	9.53	3,018.08
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings		600.00	-	600.00
Other financial liabilities		4.30	-	4.30
Provisions		47.92	-	47.92
		652.22	-	652.22
Current liabilities				
Financial liabilities				
Borrowings		-	-	-
Trade payables		2,102.29	-	2,102.29
Other financial liabilities	8,9	422.64	47.59	470.23
Other current liabilities	2	835.06	89.70	924.76
Provisions	1	384.88	(108.06)	276.82
		3,744.87	29.23	3,774.10
Total equity and liabilities		7,405.64	38.76	7,444.40

* The Previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

iii. Reconciliation of equity as at December 31, 2016

(₹ in Crores)

	Notes	Previous GAAP *	Adjustments	Ind AS
Assets				
Non-current assets				
Property, plant and equipment		1,168.79	-	1,168.79
Capital work-in-progress		67.78	-	67.78
Goodwill		46.42	-	46.42
Other intangible assets		39.70	-	39.70
Financial assets				
Investments		16.23	-	16.23
Loans		22.18	0.05	22.23
Others		7.23	-	7.23
Deferred tax assets (net)	4	78.36	52.02	130.38
Non-current tax assets (net)		178.40	16.27	194.67
Other non-current assets		171.92	0.90	172.82
		1,797.01	69.24	1,866.25
Current assets				
Inventories		940.25	-	940.25
Financial assets				
Investments		0.08	-	0.08
Trade receivables	3	3,063.33	(92.61)	2,970.72
Cash and cash equivalents		1,186.92	-	1,186.92
Bank balance other than cash and cash equivalents		2.24	-	2.24
Loans		20.07	(1.05)	19.02
Other financial assets	8,9	376.36	54.88	431.24
Other current assets		316.04	(1.56)	314.48
		5,905.29	(40.34)	5,864.95
Total Assets		7,702.30	28.90	7,731.20
Equity and liabilities				
Equity				
Equity share capital		42.38	-	42.38
Other equity	11	3,240.40	3.92	3,244.32
		3,282.78	3.92	3,286.70
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings		600.00	-	600.00
Other financial liabilities		3.91	-	3.91
Provisions		52.06	0.02	52.08
		655.97	0.02	655.99
Current liabilities				
Financial liabilities				
Borrowings		0.04	-	0.04
Trade payables		2,157.29	0.01	2,157.30
Other financial liabilities	8,9	464.55	62.21	526.76
Other current liabilities	2	746.12	55.79	801.91
Provisions	1	395.55	(93.05)	302.50
		3,763.55	24.96	3,788.51
Total equity and liabilities		7,702.30	28.90	7,731.20

* The Previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

iv. Reconciliation of profit or loss for the year ended December 31, 2016

(₹ in Crores)

	Notes	Previous GAAP *	Adjustments	Ind AS
Income				
Revenue from operations	2	9,189.68	(6.16)	9,183.52
Other income	2	65.27	56.30	121.57
Total income		9,254.95	50.14	9,305.09
Expenses				
Cost of raw materials, components consumed and project bought outs		4,641.36	(4.07)	4,637.29
Purchases of traded goods		401.59	-	401.59
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods		66.64	-	66.64
Excise duty		541.31	-	541.31
Subcontracting charges		507.69	-	507.69
Employee benefit expenses	5,6	767.82	(17.56)	750.26
Depreciation and amortisation expense		150.95	-	150.95
Finance costs	8	84.92	6.96	91.88
Other expenses	3,9	1,516.62	67.59	1,584.21
Total expenses		8,678.90	52.92	8,731.82
Profit before tax		576.05	(2.78)	573.27
Tax expense:				
Current tax		229.20	-	229.20
Deferred tax		(29.40)	(1.00)	(30.40)
		199.80	(1.00)	198.80
Profit for the year		376.25	(1.78)	374.47
Other comprehensive income				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Re-measurement income/(loss) on defined benefit plan	5	-	(17.56)	(17.56)
Income tax effect	4	-	6.08	6.08
Other comprehensive income for the year, net of tax		-	(11.48)	(11.48)
Total comprehensive income for the year, net of tax		376.25	(13.26)	362.99
Earnings per equity share:				
Basic		17.76	(0.08)	17.67
Diluted		17.76	(0.08)	17.67

* The Previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

v. Reconciliation of cash flow statement for the year ended December 31, 2016

(₹ in Crores)

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash generated from operating activities	862.57	-	862.57
Net used in investing activities	(68.14)	-	(68.14)
Net cash generated from financing activities	(178.83)	-	(178.83)
Net increase/(decrease) in cash and cash equivalents	615.60	-	615.60
Cash and cash equivalents at the beginning of the year	571.55	-	571.55
Effects of exchange (loss) / gain on cash and cash equivalents	(0.23)	-	(0.23)
Cash and cash equivalents at the end of the year	1,186.92	-	1,186.92

vi. Reconciliation of profit for the year ended December 31, 2016

(₹ in Crores)

	Dec 2016
Net profit as per previous GAAP	376.25
Adjustments on account of:	
Impact of provision for expected credit loss and Discounting of financial assets /liabilities, net	(21.49)
Mark to market of forward contracts and embedded derivatives	1.18
Reclassification of net actuarial gain / (loss) on defined benefit obligation to other comprehensive income	17.56
Others	(0.03)
Tax impact of above adjustments (net)	1.00
Net Profit after Tax as per IND AS	374.47
Other comprehensive income (net of tax)	(11.48)
Total Comprehensive Income under IND AS	362.99

vii) Notes

1 Proposed dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting.

2 Fair valuation of revenue

Revenue under the previous GAAP was recorded at transaction price. In case of certain long term contracts, a portion of the revenue is retained by the customer and is released upon completion of all the performance obligations. Under Ind AS 11, contract revenue is measured at the fair value of the consideration received or receivable. As the customer makes the payment on deferred settlement terms, the Company discounts the related retention money over the contractual maturity period to reduced revenue, which is recognised as finance income over the contractual maturity period.

3 Expected credit loss

The provision is made against trade receivables based on "expected credit loss" model as per Ind AS 109.

4 Deferred tax

Deferred tax under Ind AS has been recognised for temporary differences between tax base and the book base of the relevant assets and liabilities. Under previous GAAP, the deferred tax was accounted based on timing differences impacting the statement of profit and loss for the period.

5 Defined benefit obligation

Under Ind AS, actuarial gain and losses are recognised in Other comprehensive income as compared to being recognised in the statement of profit and loss under IGAAP.

6 Share-based payments

Under the previous GAAP, the cost of equity-settled employee share-based plan were recognised as an expenses only when it was cross charged to the Company. Under Ind AS, the cost of equity settled share-based plan is recognised based on the fair value of the options as at the grant date.

7 Provisions

Under Ind AS, provisions are measured at discounted amounts, if the effect of time value is material. Accordingly, non current provisions comprising of long term warranty has been discounted to their present values.

8 Fair valuation of security deposit

Under the Previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) were recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent.

9 Fair valuation on Derivatives and forward contract

Under Ind AS 109, it is required to de-recognise the unamortized premium at the opening balance sheet date and recognise the financial assets at fair value through profit and loss.

10 Excise duty

Under Previous GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss as an expense.

11 Other equity

Adjustments to retained earnings and other comprehensive income has been made in accordance with Ind AS, for the above mentioned line items.

45 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 is net of such GST. However, revenues for the period 1st January 2017 to 30th June 2017 and revenues for the year ended December 31, 2016 are inclusive of excise duty.

46 The figures for the comparative years were audited by a firm other than B S R & Co. LLP, Chartered Accountants.

47 The previous year figures have been regrouped/ reclassified, where necessary, to conform with the current year's classifications.

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, February 8, 2018

For and on behalf of the Board

Frank Duggan (DIN-02937233)	Chairman
Sanjeev Sharma (DIN-07362344)	Managing Director
Renu Sud Karnad (DIN-00008064)	Director
T. K. Sridhar	Chief Financial Officer
B. Gururaj (FCS-2631)	Company Secretary

Mumbai, February 8, 2018

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