

FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchanges

1.	Name of the Company:	ABB India Limited
2.	Annual financial statements for the year ended	December 31, 2014
3.	Type of Audit observation	Un-qualified/Matter of Emphasis
4.	Frequency of observation	Not Applicable.
5.	<div>Signed by-</div> <div><input type="checkbox"/> CEO/Managing Director Bazmi R Husain</div> <div><input type="checkbox"/> CFO Amlan Datta Majumdar</div> <div><input type="checkbox"/> Auditor of the company Adarsh Ranka, Partner S.R. Batliboi & Associates LLP</div> <div><input type="checkbox"/> Audit Committee Chairman Nasser Munjee</div>	

Place: Mumbai

Date: February 10, 2015



Ready for the Next Level
ABB India Limited - Annual Report 2014
(formerly known as ABB Limited)



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Who we are

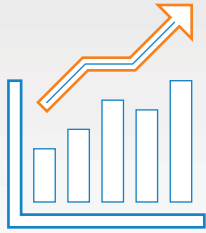
ABB is one of the world's leading power and automation technology companies.

Our portfolio ranges from light switches to robots, and from huge electrical transformers to control systems that manage entire power networks and factories.

We provide solutions for secure, energy-efficient generation, transmission and distribution of electricity, and for increasing productivity in industrial, commercial and utility operations.

We help our customers meet their challenges with minimum environmental impact. That's why ABB stands for "Power and productivity for a better world".

We are present throughout the entire renewables value chain, from renewable power generation to efficient power transport and electric mobility.



₹ 7,733
crores
in revenue
in 2014

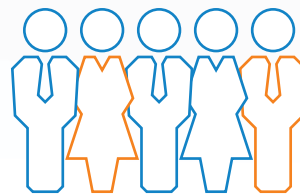
7th largest
contributor
to Group
business volumes



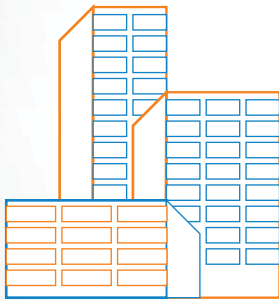
12
manufacturing sites

21
marketing offices

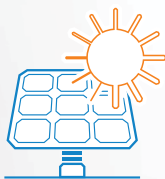
8
service centers



More than
6,000
employees in India



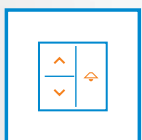
1 company delivering
power and productivity
for a better world



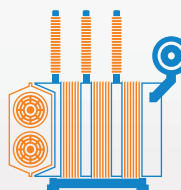
450 MW
of solar power
inverters supplied in 2014



52 percent
of Indian diesel locomotives
run on ABB turbochargers



Launched new line of
luxury switches -
Premio



Rolled out the first locally produced
420 kV
GIS and dry
type transformer

Highlights

Growth in orders in a challenging environment – healthy mix of base and large orders

Export orders increase to an all-time high

Disciplined execution helps steadily grow profitability

Continuous investments, addition of new production lines

Serving customer better – higher Net Promoter Score achieved

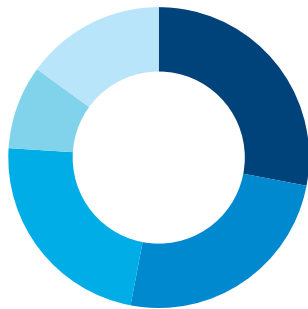
Relentless execution results in capital efficiency

Five-year highlights

(₹ in Crores)					
Description	2014	2013	2012	2011	2010
Sources of funds					
Shares capital	42.38	42.38	42.38	42.38	42.38
Reserves	2,769.60	2,635.18	2,555.67	2,492.14	2,381.32
Net worth	2,811.98	2,677.56	2,598.05	2,534.52	2,423.70
Borrowings	371.07	620.11	327.68	0.0	0.0
Funds employed	3,183.05	3,297.67	2,925.73	2,534.52	2,423.70
Income and profits					
Revenue from operations	7,733.27	7,721.99	7,564.99	7,448.97	6,359.33
Operating profit before Interest and depreciation	555.69	469.92	336.49	361.78	155.98
Profit before tax	355.21	272.47	206.21	267.74	100.23
Profit after tax	228.51	179.31	137.41	184.54	63.23
Dividend/Dividend tax	94.09	74.87	73.88	73.72	49.26
Retained earnings	134.42	102.02	63.53	110.82	13.97
Other data					
Gross fixed assets	2,003.77	1,910.22	1,702.63	1,536.38	1,045.34
Debt equity ratio	0.13:1	0.23:1	0.13:1	0.00:1	0.00:1
Net worth per equity share-₹	132.70	126.36	122.61	119.61	114.38
Earnings per equity share-₹	10.78	8.46	6.48	8.71	2.98
Dividend per equity share-₹	3.70	3.00	3.00	3.00	2.00
Profit after taxes as % to average net worth	8.33	6.80	5.35	7.44	2.62
Orders received	7,908.41	6,716.51	6,966.20	8,188.80	6,349.60
Orders backlog	7,925.53	7,709.02	8,672.50	9,128.80	8,436.20
Number of permanent employees	6,165	6,371	6,752	6,926	6,128

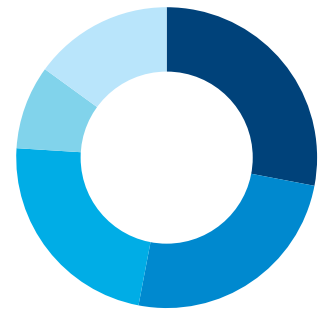
Orders 2014 by division

- Power Products, **28%**
- Power Systems, **25%**
- Discrete Automation and Motion, **23%**
- Low Voltage Products, **9%**
- Process Automation, **15%**

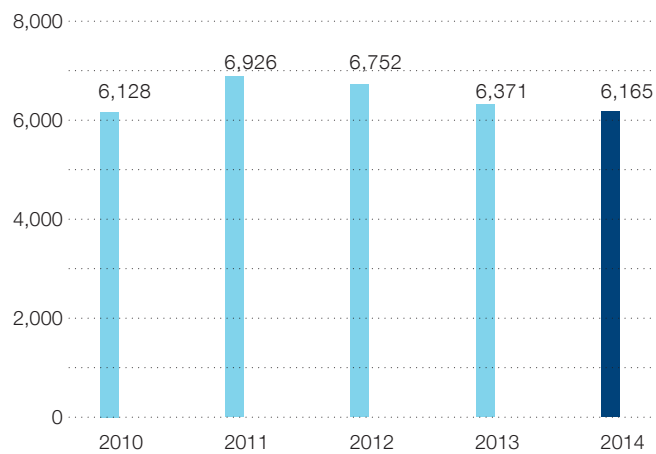


Revenues 2014 by division

- Power Products, **27%**
- Power Systems, **26%**
- Discrete Automation and Motion, **23%**
- Low Voltage Products, **9%**
- Process Automation, **15%**



Number of employees



Dividend (₹ per share)



Key Achievements of 2014

We stand for “Power and productivity for a better world”. Here, we highlight some of our technologies and achievements, which are contributing to the economic success of our customers, the development of society, and the minimization of environmental impact.

1 Making India's grid reliable

More than five state utilities, including those of Bihar and West Bengal, opted for ABB India's gas insulated switchgear and plug and switch systems



2 Make in India

The first locally manufactured 420 kV gas insulated switchgear and dry type transformer rolled out of new facilities at Savli



3 Solutions to reduce transmission losses

Commissioned the circuit breaker with the world's highest voltage rating (1,200 kV) at PGCIL's test station at Bina

4 Leading the charge in solar energy

ABB India recorded sales of 450 MW of solar inverters, accounting for around a third of the market; it also is a key technology provider in the world's largest canal top PV project



5 Elevating efficiency

Electric balance of plant executed across sectors, including 2x660 MW thermal power plant and 6x170 MW hydro power plant in Bhutan



6 Enabling big savings

ABB India motors, drives and control products are optimizing some of the largest energy intensive steel mills in India





7 Developing the grid in the subcontinent

ABB India reached its highest ever export order growth in 2014, significantly supported by projects from Sri Lanka and Bangladesh

8 Increasing local footprint

New production lines were set up for Combiflex relays and air circuit breaker families in low voltage products; launched a line of luxury switches, Premio



9 Across the seas

First marine order for supply of locally made turbo chargers



10 Strategic operations partner

High quality service, unique upgrades and retrofits increased ABB's value proposition for India's largest cement manufacturers



11 Helping sustain local communities

ABB India Foundation provided aid for areas in J&K, Andhra Pradesh and Odisha affected by natural calamities



Country Management Committee

From left to right

N Venu Division Manager, Power Systems

Pitamber Shivnani Division Manager, Power Products

Raja Radhakrishnan Head, Human Resources

Raimondo Salandra Division Manager, Low Voltage Products

Amlan Datta Majumdar Chief Financial Officer

Tajinder Vohra Country Operations Officer

Bazmi R Husain Managing Director

Ralph Schultheiss Head, Legal and Integrity

Madhav Vemuri Country Service Manager

Giandomenico Testi Chief Technology Officer

Priteesh Mahajan Division Manager, Process Automation

Subir K Pal Division Manager, Discrete Automation and Motion



Company Information

Board of Directors

Gary Steel - Chairman (upto 28.10.2014)
Frank Duggan - Chairman (w.e.f. 28.10.2014)
Bazmi R Husain - Managing Director
Nasser Munjee
Darius E Udawadia
Peter Leupp (upto 28.10.2014)
Renu Sud Karnad
Tarak Mehta (w.e.f. 28.10.2014)

Audit Committee

Nasser Munjee - Director (Chairman)
Darius E Udawadia - Director
Renu Sud Karnad - Director
Tarak Mehta - Director

Stakeholders Relationship Committee

Darius E Udawadia - Director (Chairman)
Renu Sud Karnad - Director
Bazmi R Husain - Managing Director

Nomination and Remuneration Committee

Nasser Munjee - Director (Chairman)
Renu Sud Karnad - Director
Frank Duggan - Director

Corporate Social Responsibility Committee

Renu Sud Karnad - Director (Chairperson)
Bazmi R Husain - Managing Director
Tarak Mehta - Director

Risk Management Committee

Nasser Munjee - Director (Chairman)
Frank Duggan - Director
Bazmi R Husain - Managing Director
Amlan Datta Majumdar - CFO
N Venu - President, Power Systems Division

Auditors

M/s S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
"UB City", Canberra Block
12th Floor, No.24
Vittal Mallya Road
Bengaluru – 560 001

Cost Auditors

M/s Ashwin Solanki & Associates
Cost Accountants
D/104, Koyna, Shantivan
Near National Park
Borivli (East)
Mumbai 400 066

Registered Office

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

Corporate Identity Number

L32202KA1949PLC032923

Company Secretary

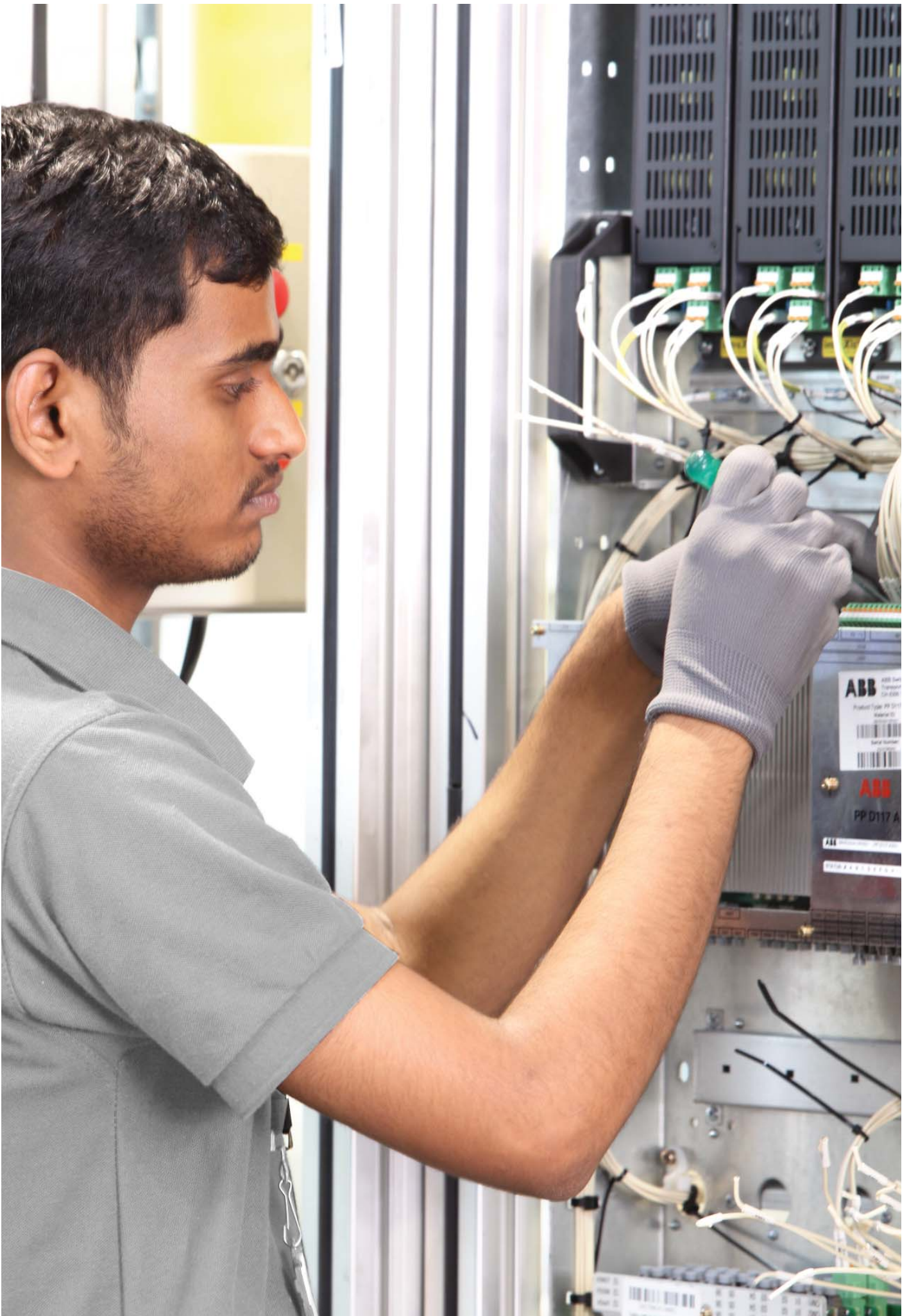
B. Gururaj

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

Bankers

AXIS Bank Limited
Bank of America, N.A.
Bank of Bhutan Limited
Bank of India
Barclays Bank PLC
Canara Bank
Deutsche Bank AG
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
JP Morgan Chase Bank, N.A.
Standard Chartered Bank
State Bank of India
The Bank of Tokyo-Mitsubishi UFJ, Limited
The Hongkong and Shanghai Banking Corporation Limited
The Royal Bank of Scotland N.V.
UCO Bank
Union Bank of India
YES Bank Limited



Statutory Reports

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Business Responsibility Report

Overview of sustainability at ABB India Limited

Sustainability in the Company encompasses all domains of its operations with focus on health, safety, environment, and corporate responsibility. The Company is committed to maintaining high social, environmental, human rights, ethical and governance standards. It has several policies and standards in place to underpin these core values, namely the Code of Conduct, and policies such as the ABB Group Social and Human Rights policies, Health Safety and Environmental (HSE) policy¹ and Corporate Social Responsibility (CSR) policy. These are supported by internal Group directives and instructions.

Sustainability considerations at the Company covers how it designs and manufactures products, what the Company offers its customers, how it engages with its suppliers, how it assesses risks and opportunities, and how it behaves in the communities where it operates. Several stakeholders are impacted by the Company's policies and performance – such as employees, subcontractors, customers, suppliers and communities where it operates. The Company recognizes the importance of wide-ranging stakeholder engagement to help it achieve best practice and sustainable benefit for all its key stakeholders. The Company also strives for excellence in health and safety performance.

The Company works to ensure that sustainability considerations and values are understood, implemented, measured and communicated to all stakeholders and across the Company's value chain, so they become a seamless part of the business practice and help customers be more effective and successful. It's Implementation of Management Systems such as OHSAS 18001:2007 and ISO 14001:2004 certifications and the Code of Conduct promotes social and environmental responsibility across its value chain. The Company's sustainability team consisting of experts specifically focus on health, safety, environment and CSR activities. They work closely with business divisions and other group functions to raise awareness of potential HSE risks and to improve performance.

The ABB Group sustainability strategy aims to make ABB a leading contributor to a more sustainable world. The Group sustainability objectives specifically have been on product and services, energy efficiency and climate change, safe and secure operations, integrity, human rights, responsible sourcing, resource efficiency and right materials. In line with the ABB Group's sustainability strategy, the Company has set HSE objectives and targets that are continuously monitored and actioned.

The Company demonstrates highest level of ethical behavior and upholds integrity. It directs all personnel to take particular care to uphold laws on competition, products sold, labor and employment, health, safety and environmental protection. It expects fairness and integrity in all its dealings - with customers, vendors and all its stakeholders. Integrity is non-negotiable and all are expected to adhere to strict ethical behavior at all times. It has no tolerance to active or passive corruption.

The Company's recently formulated CSR policy will be a blue print for its social contributions. Social contributions of the Company focus on creating economic value in a way that also creates value for society by addressing its needs and challenges. Its activities focus on development of the society on aspects of education, skill development, provision of basic health care, access to electricity, opportunity to the differently abled; so as to enable inclusive development of communities in and around where it operates.

Healthy and safe working environment

The Company's commitment to health and safety is embedded in its Occupational Health and Safety (OHS) policy and procedures. It is committed to achieving excellence in OHS and is working to achieve this through both strategic, Group-led program and business specific initiatives. The Company has OHSAS 18001:2007 and ISO 14001:2004 management certification systems for most of its facilities. The Company has a security, crisis and emergency management system and also a comprehensive accident analysis and prevention program.

The Company organizes OHS improvement according to formal Company's OHS strategic plans prepared within its global priorities and framework. The program and action plans are tailored according to local conditions and business needs. Progress towards performance targets and implementation of training and development programs are monitored continuously.

The OHS policy of the Company requires the Company to select contractors and service providers based on their competence and capability to undertake tasks in compliance with the required health and safety measures within the Company. The mandate with the Company requires that its suppliers implement a health and safety policy and that they comply with relevant health and safety regulations and standards. As a general objective and guiding principle, the Company wants to do business with suppliers who have implemented health and safety management systems that comply with the requirements of OHSAS 18001:2007.

In 2014 the Company had extensive activities around HSE reporting across facilities and project sites on various safety parameters like near miss, unsafe acts, and unsafe conditions. Safety observation tours were made part of all business and HSE team's agenda and were also included for the top management's review. Key OHS statistics are now part of all top level management monthly meetings. In the year under review, hazards and near misses were separately logged and data captured. All hazards and near-misses were analyzed and appropriate remedial-preventive actions taken.

The HSE Leadership Program has been designed by the Company to build a shared vision throughout ABB, to enable an innovative approach to HSE, and to continue its journey towards zero incidents. With awareness on OHS reaching a considerable level within the Company, the focus during the year was more on building awareness on HSE across project sites. There was extensive review of local procedures and effective compliance with ABB's certification requirements for project managers and site managers, and timely production of project safety plans that are relevant to individual projects and are utilized as the basis for site safety controls.

The focus was to increase involvement of all business units in the Company - to ensure active participation in all HSE programs and efficient delivery and application of controls and monitoring of performance across safety program. The Group Electrical Safety Instructions gives a direction towards electrical safety, which is one of the major safety focal areas. The detailed electrical safety program under this section continued to be executed across the Company in 2014.

¹The Company has an HSE policy in line with the Group's OHS policy and Environmental policy

The Company logged nearly 22.91 million employee man-hours and 23.6 million contractor man-hours. The Company had two fatalities during the year. Addressing this, the Company accelerated a range of initiatives on safety on a priority basis and has taken a pledge that in 2015 that none at the Company will look the other way. The Company took a hard step to direct actions of all employees so as to make safety an integral part of the Company's growth journey. The Company strengthened its safety reporting systems internally. There were around 2,722 near misses, 27,309 hazards, 826 first aids, 7 serious injuries, 51 injuries requiring medical treatment, 1 high potential incident and 15 lost time injuries.

Environmental responsibility

The Company understands the impact of its business on the environment and the larger community, and its focus has always been towards mitigating and minimizing these impacts. The Company's facilities are certified to ISO14001:2004 management systems – a result of continuous efforts at improving and the facility at Savli was certified for both ISO 14001:2004 and OHSAS 18001:2007 in 2014.

The Company is committed to develop resource-efficient products and systems, to reduce the impact of its own operations, and to engage in an ongoing dialogue with customers to help them select the most environmentally sound products, systems and solutions. It remains focused and committed to stakeholder satisfaction and strives to demonstrate excellence in environmental performance and in other core areas including quality, safety, health, and corporate governance. The Company seeks to minimize the environmental impact of its technologies and products, to pass on this expertise to customers and suppliers, while reducing the environmental footprint of its own manufacturing processes. In its own operations, it strives to reduce the use of energy and materials, streamline the means of transporting goods, reduce the impact of business travel, phase out hazardous materials, design eco-efficient and recyclable products, and enhance suppliers' performance. Improving performance also includes the design phase of new products and processes.

The Company's Environment Policy is an integral part of its commitment to sustainability, and provides the framework to embed environmental considerations in its strategies, processes and day-to-day business. The Environment Policy requires that all operations be carried out in an environmentally sound manner within the framework of an environment management system consistent with ISO 14001:2004. The policy further commits to compliance with legal requirements, training employees, and continual improvement. The Company's predominant focus on environment conservation has been on key performance indicators of energy, carbon footprint, renewable energy, wastes and water management. All these parameters have specific targets in line with ABB Group's overall sustainability objective and targets.

The two new facilities - the gas insulated switchgear and dry and oil type transformer in Savli and the robotics factory in Peenya, Bengaluru – have become operational and hence have been included for data consolidation compared to the previous year. The Company has continual monitoring of environmental parameters as per the guidelines of various State Pollution Control Boards for water, waste water, wastes namely hazardous, non-hazardous, bio-medical and e-wastes.

Energy conservation is always a vital activity in the Company since it directly improves the bottom line of the business. The total electricity consumption for 2014 is 63.31 GWh of which 61.68 MWh was from

solar. This is nearly 14.4 percent increase in total energy consumption compared to 2013, however the percentage share of renewable energy (solar based) has increased to 7.3 percent compared to the last year. Significant efforts were made in 2014 to improve energy efficiency of manufacturing units. Through in-house energy audits, a number of opportunities have been identified and implemented to reduce the energy consumption across location and operations. Energy audits were completed for the Company's Andheri and Talaja locations in the current year. The Company will also introduce renewable based energy where ever feasible.

The Company monitors its greenhouse gas (GHG) emissions - in 2014, a total of 44,505.84 tonnes of CO₂ were generated considering Scope 1 and Scope 2 emissions². As a part of its manufacturing process, the Company uses SF₆ gas - a GHG - and efforts are continuously being made to reduce SF₆ gas consumption, through reporting, continuous leak monitoring systems, etc.

The Company is committed to conserve and ensure optimum usage of water and has undertaken extensive training sessions to raise awareness. Implementing a tool generated at the ABB Group level, locations across India have mapped their water usage. This has been followed up with various water conservation initiatives. The total water consumption in 2014 was close to 0.59 million m³, which is 4 percent less than last year. Close to 0.13 million m³ of water was recycled and reused in 2014, representing about 1.3 percent reduction in the quantum of recycled or reused in 2013.

Waste management is an integral part of the ISO 14001:2004 management system. Procedures for handling hazardous and non-hazardous wastes have been developed in accordance with the regulatory compliance requirements. All manufacturing units have their respective State Pollution Control Board (PCB) authorization to generate, store, handle and dispose hazardous wastes.

The Company disposed, close to 477.2 tonnes of hazardous waste - a 5.4 percent reduction in the total quantum generated and disposed compared to 2013. Around 8,187.42 tonnes of non-hazardous waste (recyclable waste such as metal waste, waste consisting of paper, plastic, wood and cardboard and other disposable waste) was generated, of which 3,584.31 tonnes was recycled and the remaining suitably disposed. Reducing the quantum of waste is an ongoing process and the disposal of hazardous waste is done through registered authorized third party contractors or state owned waste management agencies. In 2014, waste segregation at source and waste accounting of all streams of hazardous and non-hazardous waste was a key focus area of training and implementation.

Another significant exercise to reduce the Company's environmental footprint undertaken in 2014 is complying with the 'ABB Group directive on the List of Prohibited and Restricted Substances'. This list is applicable to all products developed, manufactured and supplied, production processes, packaging, service and to construction sites. The initiative focused on ensuring that all facilities comply with this directive and avoid chemicals, materials and substances that may represent hazards to the environment or the health of workers, customers, consumers and other stakeholders or could negatively influence end-of-life properties, or might cause other concern. A complete review exercise was undertaken along with ongoing training and awareness programs through online training sessions conducted by the Group specialist trainer on the subject.

²Categories of Scope 1 & 2 as defined by the WBCSD GHG protocol

To ensure statutory compliance, necessary mitigation actions are undertaken on a regular basis and periodic monitoring is carried out. In line with requirements as per consent to operate under Air Act, Water Act and Hazardous Waste (Management and Handling) Rules, compliance report is sent on a monthly basis to respective regional Pollution Control Boards (PCB) in a timely manner. A complete mapping of all consent conditions and review of compliance across locations were carried out this year to further track compliance. During the year there were two show cause / legal notices received from Pollution Control Board which were satisfactory resolved and closed. In the current year, an environmental expenditure to the tune of around ₹ 1.96 crores was incurred across the Company's facilities. This consists of expenses incurred for personnel employed for education and training, external services for environmental management, external certification of management systems, extra expenditures to install cleaner technologies and environmental protection expenditure - waste disposal, emission treatment, remediation costs, etc.

The Company consolidates monthly data on performance indicators across its facilities and is reported annually to the Group as a part of the Group Sustainability Report as per Global Reporting Initiative (GRI) guidelines and this data is also independently verified. The Company also publishes the Business Responsibility Report annually in line with SEBI's requirement.

While the Company is committed to developing manufacturing processes that focus on energy and resource efficiency, it also extends its sustainability contributions to customers by developing and offering products and systems that are resource efficient and facilitate the use of renewable energy sources. The need to minimize product impact on the environment during all phases of its life 'from cradle to grave' is recognized by ABB and it has made environmental performance of its core products available to its customers by publishing the Environmental Product Declarations (EPD) based on Life Cycle Assessment (LCA).

ABB Group uses the Gate Model for developing environmentally sustainable products with checkpoints to ensure that environmental considerations are built into new products. The EPDs provide quantitative information in comparable terms of global warming effects and the use of non-renewable resources; in each phase of the life cycle. Substation, automation products, solar inverters, drives and breakers are some of the products so far for which LCA information has been made available by the Group. Product labels are also provided as required and these also take into account any compliance requirements with respect to applicable, relevant laws.

Supply chain sustainability

As a responsible corporation, ABB India extends its influence to ensure responsible working environment to the ecosystem of direct and indirect stakeholders. This includes partners in supply chain with considerable contribution to the product value stream. The ABB Supplier Code of Conduct is the core document on which the Company builds its efforts to source responsibly. The Supplier Code of Conduct defines requirements for ABB suppliers and is integrated with the General Terms and Conditions of their contract. The Company considers its suppliers to be part of the 'Extended Enterprise' and demand that they conduct their business consistent with its standards and principles. Complying with applicable environmental and OHS regulations, internationally proclaimed human rights standards and ensuring equality of opportunity, are expected as the minimum level of commitment.

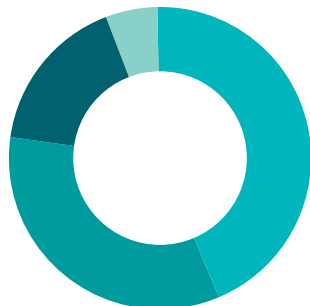
The Company has implemented a Supplier Sustainability Development Program (SSDP) as part of a comprehensive sustainable sourcing initiative. The goal of the SSDP is to ensure compliance with the Supplier Code of Conduct, to support continual improvement of the sustainability performance of suppliers, and to provide customers the benefits of 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 areas of general management, working hours, remuneration, social benefits, health and safety and environmental protection

Besides the training offered under the SSDP, the suppliers have access to the ABB Supplier Sustainability Implementation Guide that provides practical advice on how to meet the requirements of the Supplier Code of Conduct. In 2014, 162 suppliers have been trained on sustainability requirements and 43 of them were assessed on such requirements. With these, the total number of suppliers trained under the program since 2009 stands at 373 (may include suppliers who have undergone repeat trainings) and the total number of suppliers assessed stands at 163. During 2014, over 39 employees were trained in the program and internal teams made over 50 visits to suppliers to assess their systems.

This program helped 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 2014 before and after corrective actions under the SSDP). At the end of 2014, nine 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.

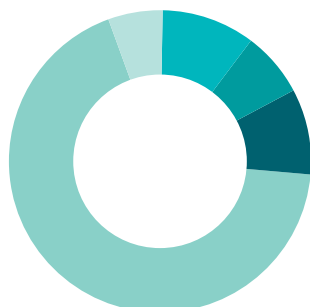
Initial risk profile of suppliers

- Extremely High Risk, 71, 44%
- High Risk, 54, 33%
- Medium Risk, 28, 17%
- Low Risk, 9, 6%



Current risk profile of suppliers

- Extremely High Risk, 17, 10%
- High Risk, 11, 7%
- Medium Risk, 15, 9%
- Low Risk, 110, 68%
- Blocked, 9, 6%



To further strengthen its responsible sourcing strategies, the Company is revisiting its sourcing process and is adopting additional controls. ABB launched its Lead Assessor Certification Program for Supply Chain Sustainability, under which 10 employees were certified by a third party certification agency, after clearing a rigorous four module process. ABB also initiated a pilot programme of working with various category teams, to evaluate all preferred suppliers under SSDP. This pilot shall extend into 2015.

Stakeholder engagement

The Company understands that effective stakeholder engagement – knowing about its stakeholders' interests, concerns and advice, is critical for driving its sustainability performance and business success. The ABB Group's stakeholder dialogue guidance document details different aspects for an effective stakeholder dialogue, building closer relations with partners and to prompt new ideas. Stakeholder mapping and profiling has identified the following set of key stakeholders:

Key identified stakeholders	Details of stakeholder interactions
Business	
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)
Employees	Various employee welfare programs, ongoing HSE and sustainability programs, and awareness cum training sessions
Competitors	Through industry bodies, associations, seminars, exhibitions and events
Government and regulators	
Legislators and the law	Meetings and interactions for compliance requirements, permits etc.
Trade bodies	Seminars, conferences and sharing good practices
Civil society	
International organizations	Partnerships for CSR and R&D 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, and 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

People well-being

Over the years, the Company has become a leading organization in power and productivity in the country, through the practice of sound moral, ethical and business principles that mirror the Group's values. The Company is a firm believer that its employees help deliver value for its shareholders, customers and society at large. Its people are its strength and the Company therefore respects individual rights and dignity of all its employees. It also ensures that all its operations are free from the plague of discrimination and in this regard, it has an integrity policy.

Being an engineering company, its strength lies in the technical knowledge of individuals and so the Company focuses on learning and development. It encourages all its employees to grow professionally and personally to their highest capabilities. Career development and opportunities that its employees enjoy is among the best in the business world. The Company's career development process and tools include regular performance and development reviews, talent management process, talent profile for better internal visibility, well defined career paths, internal promotions and mobility. The Company strives to make sure that its employees get everything they need to realize their full potential, relying on a mix of structured talent management and learning offerings.

Training expands the knowledge base of employees and is a key element in the development of the organization, thus adequate time was committed to such trainings. The Company clocked around 12 hours of training per employee in the year 2014. The Company invested in talent development through learning programs that cover aspects of technical, professional and managerial development. The Company was awarded the 'best company to work for' award (in the industry segment) by Business Today for the second consecutive year in 2014.

The Corporate Principles and 'Code of Conduct', formulated at the Group level, set the standard for employee conduct. The Company expects all its employees to commit and adhere to the Code of Conduct. As a part of its Code of Conduct, the Company has a formal redressal mechanism in place that helps to deal with any violations that may cause employee grievance or compromise personal or corporate integrity. In addition to the Group level redressal mechanism, the Company has a customized grievance handling procedure down to the facility level, where employees can lodge their grievances in prescribed 'grievance redressal forms', which are then addressed / resolved by the Human Resources function. The idea is to solve employee's grievances through a systematic method. The grievance mechanism has been functioning very smoothly at each of its facility.

The Company is committed to provide a safe and productive work environment that promotes the confidence to work, innovate and perform without the fear of any type of harassment. The Company's policy on sexual harassment of women at the workplace provides an effective resolution for any instance sexual harassment. In line with this policy, every facility has an internal complaints committee which acts as a redressal mechanism and addresses any complaints of sexual harassment and for matters connected therewith or incidentals thereto in the Company. The committee, constituted in 2014, is designed to facilitate prompt action on the grievances received. There was only one complaint received the committee in the year and action was taken promptly to address the grievance received.

The Company firmly believes that diversity and inclusiveness is essential for a well balance workforce and to have continued success

in the market place. It has focused on inclusivity, while recognizing and respecting all aspects of what makes someone unique. There have been several initiatives such as workshops for line managers to strengthen understanding of the business and value of diversity and inclusiveness. The Company's diversity commitments has led to framing a number of programs to encourage and strengthen the presence of women in executive and functional roles. There have been continued efforts to increase number of women in the interviews pipeline as well as on the shop floor. The Company is also taking a number of measures to provide safe and comfortable working environment to women including provision for their personal needs such as providing child care centers.

Some highlight activities focused on diversity, in 2014:

- Ensuring higher diversity across all levels - the Company has increased the number of universities for campus hiring to include five engineering colleges for women
- Strengthening of succession planning with more diverse leaders, there is a leadership development program underway to provide focused development for women managers
- Completed anti-harassment training for most of the employees - a mandatory training in line with the Anti-Sexual Harassment law
- Eight Internal Inquiry Committees have been set up in different locations in line with the law and guidelines laid out by the Supreme Court of India for the prevention of sexual harassment at the workplace
- Planning is underway to include people with disability at entry levels of the Company

Total number of employees	6,165
New employees added	391
Apprentice / Interns / Trainees	1,073
Total number of employees hired on contractual basis	257
Number of women employees	357
Number of permanent employees with disabilities	27
Recognized employee association	Yes
Percentage of permanent employees who are members of recognized association	19.95

Customer engagement

During the year, the Company hosted several events, customer meets and seminars to proactively engage with the customers. The Company values and respects its customers and strived to meet and exceed their expectations. True to the motto of 'Power and productivity for a better world', the Company offers its customers products and solutions that improve the operational and resource efficiencies and performance.

The Company also engages with customers through training. The Company seeks formal feedback from customers through the Net Promoter Score (NPS) survey to help better understand the customers' experience with the Company and to identify areas for improvement. The Company adopted the NPS Survey on an annual basis since 2010 to understand how it is perceived by the customers – if customers would endorse ABB India. The customers' responses to questions raised by the Company, convey their experience with ABB, how it measures up to customer expectations and areas of improvement for the Company. More than 5400 responses were received in 2014, representing a response rate of over 54%. The NPS score for the country rose to 54%, an improvement of about 15 percentage points as compared to the previous year.

Community engagement

The ABB's Group's social policy was adopted in February 2001. It draws on five sources: the United Nations' Universal Declaration of Human Rights, the International Labor Organization's fundamental principles on rights at work, the OECD Guidelines for Multinational Enterprises, the Global Sullivan Principles and the Social Accountability 8000 (SA 8000) standard, an auditable standard for the protection of workers' rights developed by the Council on Economic Priorities Accreditation Agency and 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.

A number of social activities have been taken up by the Company in the past several years. With the recent mandate, under Section 135 of the Companies Act, 2013, CSR activities of the Company attained a renewed vigor. A CSR policy was framed in consultation with relevant stakeholders and approved by the Company's CSR Board Committee which identified five core areas of focus, viz., access to electricity, education and skills enhancement, health care, differently-abled, and environment and local safeguard.

The Company formed a CSR Committee of the Board comprising three directors, of which one is an independent director, who chairs the said Committee. The Committee meets once every quarter to monitor, supervise and give directions to the CSR activities undertaken by the Company, besides approving the budget and reviewing the actual spend for such activities by the Company. Further, the formed CSR Subcommittee along with identified CSR champions from respective locations assist the Board level CSR committee in driving the Company's CSR agenda in line with the framed policy and strategy.

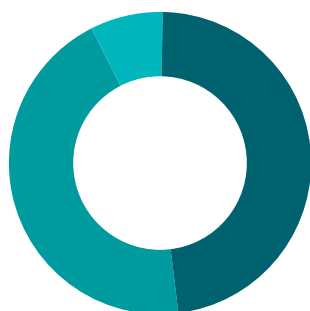
The spend for the CSR activities of the Company is routed through ABB India Foundation - a registered Trust comprising Company's employees as Trustees. The company partnered with several NGOs - after carrying out legal due diligence as per the Company's policy - to carry out CSR program focusing on disadvantaged sections of the society.

In the current year a total of around ₹ 55 lakhs has been spent by the Company for CSR activities, out of which the spend by the ABB India Foundation was around ₹ 25 lakhs. Additionally, a number projects have been initiated by the Company in the year to the tune of ₹ 40 lakhs, which would be completed in the year 2015.

The total spend towards CSR is distributed as under:

CSR spend 2014 - Focal area

- Education, 48%
- Disaster relief, 45%
- Health, 7%



As the Companies Act provision pertaining to CSR activity came into force only on April 1, 2014, the Company focused its efforts during the year under review in drawing up CSR Policy and Processes, identifying the focus areas for CSR activities, identifying NGOs for implementation, etc., and hence could not spend the entire amount to be earmarked for CSR activities as per the Act.

The Company has chalked out various programs for spending in the years to come and hence hopes that going forward, it would be able to spend the limits prescribed in the Companies Act.

Advocacy and trade bodies

The ABB Group is a member of or is associated with the following institutions / bodies.

- Amnesty International
- Center for Environmental Assessment of Product and Material (CPM),
- Chalmers University of Technology, Gothenburg, Sweden
- Global Reporting Initiative
- Institute for Human Rights and Business
- International Committee of the Red Cross
- International Institute for Management Development (IMD), Switzerland
- International Organization for Standardization
- Oikos International, Switzerland
- 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

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 Embassy
- Swedish Embassy
- Swiss Chamber of Commerce
- Federation of Karnataka Chambers of Commerce and Industry
- Bombay Chamber of Commerce and Industry
- Bangalore Chamber of Industry and Commerce

It also participated in a number of exhibitions organized by various industry bodies.

The Company's long tradition of pioneering technologies and solutions in power and automation, its continued stronghold on advancing technology and application and this is catalyzed extensively through focusing on internal R&D programs in coordination with world's top-class academic institutions. The Company's management has established the Academic Partnership Program (APP), under which the Company will develop R&D associations with leading academic institutions in India who specialize in technical areas relevant to ABB.

Respecting and promoting human rights

One of the core areas of corporate responsibility at the Company is Human Rights. A Human Rights policy and public statement was approved by the Group in 2007, complementing its existing policies for raising social, environmental, health and safety and business ethics performance and 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.

The Company in line with the Group policy seeks to raise its standards, and increase its understanding and mitigation of human rights risk. In this reporting period, there have not been any grievances related to Human Rights in the Company.

Integrity, transparency and accountability

One of the core values of ABB is integrity; the Company takes pride at doing business ethically and honestly. It believes in not just complying with the law and regulations but also ensure that its decisions and behaviors are fully aligned with its business policies and expectations. ABB's Code of Conduct and a Supplier Code of Conduct helps to achieve transparency and integrity standards, and seeks continuous improvement in its ethical, environmental social and human rights performances.

The Company's integrity program is built on the ABB Group Code of Conduct which is the integrity framework that describes employee and other stakeholder's behavior. The Code of Conduct has been framed to be in line with Guideline 6 of the OECD and Principle 10 of the UN Global Compact and prohibits illegal payments in all its forms, including corruption, extortion, improper payments and all its forms and fraud. The Code of Conduct also draws on a strong set of internal standards and policies strictly forbids bribery and corruption by any of its employees and needs all to comply with all applicable national laws and international treaties. As a rule, facilitation payments are not permitted. The policies also require all employees to comply with all applicable antitrust laws and other laws regulating competition.

All employees are expected to live and work by the ABB core principles of respect, responsibility and determination. The Code of Conduct is a guide to the general business principles that permeate its relationships with customers and other business partners, with the financial markets, in the communities and countries where it does business and, last but not least, with each other. It is also a set of practical instructions to help employees in their day-to-day work. The Code of Conduct document is shared with every employee. The Company has made available the Code of Conduct in vernaculars like Hindi, Kannada, Gujarati, and Marathi to make sure it is understood by everybody. Agreement with suppliers, sub-contractors and consortium partners are also governed by the Company's commitment to integrity. The commitments integrated into the Supplier Code of Conduct include but are not limited to, anti-bribery laws.

Company has strong program to detect and prevent non-compliant behavior and other integrity concerns. There are also frequent internal audits, anti-bribery review to detect, identify cases of non-compliance on the Code of Conduct. The Company also runs an employee survey exercise to further understand attitudes, awareness and perceptions of integrity within the Company.

The Company has also established different reporting channels internally on integrity issues and ABB runs a business ethics hotline for addressing issues. The Company's Ombuds program offers additional channel for complaints.

The Company encourages all its employees and other stakeholders to speak up and report integrity non-compliances and concerns. The Company's Whistle Blower Protection Policy protects employees who report behavior and practices that are suspected to be inconsistent with the Code of Conduct.

Links to the Company policies and programs

Sustainability:

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

OHS Policy:

<http://www.abb.co.in/cawp/abbzh258/2b29259f7d32970dc1256f6b004f8842.aspx>

Environmental Policy:

<http://www.abb.com/cawp/abbzh258/5e36ae0a07874d63c1256bc7003d1830.aspx>

Social Policy:

<http://www.abb.com/cawp/abbzh258/79d754a977a2141dc1256d3d0028e101.aspx>

Human Rights Policy:

<http://www.abb.com/cawp/abbzh258/19e081068bd263d0c12574110055cfd7.aspx>

Corporate Social Responsibility Policy:

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

Sexual harassment of women at the workplace Policy:

<http://new.abb.com/indian-subcontinent/careers/working-at-abb/diversity-and-inclusiveness>

Code of Conduct:

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

Supplier Code of Conduct:

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

Integrity Program (ABB Group):

<http://www.abb.com/integrity>

Whistle Blower Protection Policy

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

Energy Efficiency (ABB Group):

<http://www.abb.com/energyefficiency>

Access to Electricity:

<http://www.abb.com/cawp/abbzh258/051d295b8c237da0c1256f6500462ea5.aspx>

Community Program for Differently-abled people:

<http://www.abb.co.in/cawp/seitp202/5b64260a18f6459ac1257abc003b22a9.aspx>

ABB Supplier Sustainability Implementation Guide

<http://www.abb.co.in/cawp/seitp161/1c85f0f085e972e4c12577680059b934.aspx>

Supplier Sustainability Development Program

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

Group Sustainability Report 2013:

<http://www400.abbext.com/sustainability-report-2013/servicepages/welcome.html>

Business Responsibility Report 2013:

http://new.abb.com/docs/librariesprovider19/default-document-library/abb_ar_2013_india_low-resb7aed5e2c1f463c09537ff0000433538.pdf?sfvrsn=2

Notice to the Members

NOTICE is hereby given that the SIXTY FIFTH ANNUAL GENERAL MEETING of the Members of **ABB India Limited** will be held at “**Grand Ball Room**”, **Second Floor, Sheraton Bangalore Hotel at Brigade Gateway**, 26/1, Dr. Rajkumar Road, Malleshwaram-Rajajinagar, Bengaluru – 560 055, on **Wednesday, May 6, 2015** at 11.00 A.M. (IST) to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the financial statements, namely, (i) the Audited Balance Sheet as at December 31, 2014, (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) an Explanatory Note annexed to, or forming part of the documents referred to in (i) to (iii) above and the Reports of the Directors and the Auditors thereon.
2. To declare a dividend.
3. To consider and if thought fit, to give your assent or dissent to the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force), M/s. S R BATLIBOI & ASSOCIATES LLP, Chartered Accountants (Firm Registration No. 101049W), be and are hereby appointed as Statutory Auditors of the Company to hold office for a term of 2 (two) years from the conclusion of this Annual General Meeting upto the conclusion of the 67th Annual General Meeting (subject to ratification of such appointment by the Members at the subsequent Annual General Meeting) and to authorize the Board of Directors to fix their remuneration.

Special Business:

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

“RESOLVED THAT Mr. Tarak Mehta (DIN: 06995639), who was appointed as a Director by the Board of Directors of the Company on October 28, 2014 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 151 of the Company's Articles of Association to fill in the casual vacancy caused by the resignation of Mr. Peter Leupp and who holds office upto the date of this Annual General Meeting being the date up to which Mr. Leupp would have held office if he had not resigned, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
5. To consider and if thought fit to give your assent or dissent to the following **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV thereto and the Rules framed thereunder (including any statutory modification or re-enactment thereof for the time being in force), the appointment of Mr. Nasser Munjee (DIN: 00010180), as a Non-Executive Independent Director of the Company for a term of five consecutive years from the date of this Annual General Meeting be and is hereby approved, he not being a director liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV thereto and the Rules framed thereunder (including any statutory modifications or re-enactment thereof for the time being in force), the appointment of Mr. Darius E Udawadia (DIN: 00009755), as a Non-Executive Independent Director of the Company for a term of five consecutive years from the date of this Annual General Meeting be and is hereby approved, he not being a director liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV thereto and the Rules framed thereunder (including any statutory modification or re-enactment thereof for the time being in force), the appointment of Mrs. Renu Sud Karnad (DIN: 00008064), as a Non-Executive Independent Director of the Company for a term of five consecutive years from the date of this Annual General Meeting be and is hereby approved, she not being a director liable to retire by rotation.”

By Order of the Board
For ABB India Limited

B. Gururaj
Company Secretary

Mumbai, February 10, 2015

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 business under Item Nos. 4 to 7 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 **April 30, 2015 to May 6, 2015** (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 **May 7, 2015**, 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 **April 29, 2015** 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 **April 29, 2015**.
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 to the Investor Education and Protection Fund established by the Central Government as per provisions of the Companies Act.
7. Members who have not yet encashed the dividend warrant(s) from the financial year ended December 31, 2007 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 the Investor Education and Protection Fund 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, 2006, have been transferred to the Investor Education and Protection Fund. 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, 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081, the Registrar and Share Transfer Agent of the Company to claim the un claimed / 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, viz. Karvy Computershare Private Limited, Unit: ABB India Limited, 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081, or to their respective Depository Participant ("DP") in case the shares are held in dematerialised 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 under Clause 49 of the Listing Agreement of the Stock Exchanges, the relevant details of Directors retiring by rotation and seeking re-appointment at the ensuing Annual General Meeting are given in the annexure to the notice of the Annual General Meeting.
11. Shareholders, intending to require information about the Financial Statements 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 received by 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 Depository Participant (DP) in case of holding 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 Agent. 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 Agent Karvy Computershare Private Limited at the address mentioned in item no. 7 of this note.
17. The Annual Report of the Company circulated to the Members of the Company will be made available on the Company's website 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 am and 12.00 noon upto May 6, 2015 i.e. upto the date of the Annual General Meeting.
19. The Annual Report of the Company for the year ended December 31, 2014 along with Notice, process and manner of 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 (other than who requested for a physical copy) or with their Depository Participant or Registrar and Share Transfer Agent of the Company. This is in pursuant to the provisions of Section 101 of the Companies Act, 2013 read with Rule 18 of the Companies (Management and Administration) Rules, 2014. Members who are desirous to have a physical copy of the Annual Report shall send a request to the company e-mail id viz., investor.helpdesk@in.abb.com clearly mentioning their Folio number / DP and Client ID.
20. **The instructions for e-voting are as under:**
 - (1) E-voting: In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and the provisions of Clause 35B of the Listing Agreement entered into with the Stock Exchanges, the Members are provided with the facility to cast their vote electronically, through the 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 / Depository Participants (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 1664** 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 e-voting, you can use your existing User ID and password for casting your vote.
 - B. (1) In case of Members receiving physical copy of Notice [for members whose email IDs are not registered with the Company / Depository Participants (s)]
 - (i) E-Voting **Event Number – 1664 (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.
- 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 not exceeding your total shareholding as mentioned herein above. 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 65th Annual General Meeting".

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

- (i) In terms of Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company, in order to enable its Members, who do not have access to 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 **Tuesday, May 5, 2015 (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 on **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 **Tuesday, May 5, 2015 (5.00 p.m. IST)**.
 - (vii) A Member can opt for only single mode of voting i.e. either through e-voting or by Ballot Form. If a Member casts votes by both modes then voting done through e-voting shall prevail and vote by Ballot shall be treated as invalid. Members who have cast their votes by 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.

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 44655000 & 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 e-voting period commences on **Saturday, May 2, 2015 (9.00 a.m. IST)** and ends on **Tuesday, May 5, 2015 (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, April 29, 2015**, may cast their vote electronically in the manner and process set out herein above. The 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. 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 **Wednesday, April 29, 2015**.
- v. The Board of Directors has appointed Mr. S. Kannan (Membership No. F6261 and PCS No. 13016), Practicing Company Secretary as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- vi. 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 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 three (3) days from the conclusion of the meeting make 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 for counter signature.
- vii. The Results shall be declared either by the Chairman or by an authorized person of the Chairman and the resolution will be deemed to have been passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolution(s).
- viii. Immediately after declaration of results, the same shall be placed along with the Scrutinizer's Report on the Company's website www.abb.co.in and on the website of KARVY <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

The Board of Directors at its meeting held on October 28, 2014, appointed Mr. Tarak Mehta as a Director pursuant to Section 161(4) of the Companies Act, 2013 and other applicable provisions (including any modification or re-enactment thereof), if any, of the Companies Act, 2013 and Article 151 of the Articles of Association of the Company, to fill in the casual vacancy caused on the Board by the resignation of Mr. Peter Leupp. Since Mr. Peter Leupp would have retired by rotation at this Annual General Meeting, had he not resigned, Mr. Tarak Mehta would also cease to hold the office of Director at this Annual General Meeting, pursuant to Section 161 of the Companies Act, 2013 and is eligible for re-appointment as Director.

Mr. Mehta is a Member of Executive Committee of ABB Group, Zurich, Switzerland.

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

Brief profile of Mr. Tarak Mehta, 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.

None of the Directors or Key Managerial Personnel of the Company and their relatives other than Mr. Mehta is in any way concerned or interested, financially or otherwise, in the resolution.

Item Nos. 5 to 7

In terms of Section 149(11) of the Act, an independent director can hold office for two terms of up to 5 consecutive years each on the board of the Company. Pursuant to Section 149 of the Act, the tenure of an independent director before commencement of the Act is not to be reckoned when calculating the maximum term of office of the independent director.

Accordingly, it is proposed to appoint Mr. Nasser Munjee, Mr. Darius E Udwardia and Mrs. Renu Sud Karnad, Directors, as Independent Directors of the Company for a period of 5 (Five) consecutive years with effect from the date of this Annual General Meeting, as set out at Item Nos. 5 to 7 of this Notice. Notices, as required under Section 160 of the Act, have been received from three Members proposing the candidature of the said Directors as Independent Directors of the Company.

Mr. Nasser Munjee, Mr. Darius E Udwardia and Mrs. Renu Sud Karnad, Independent Directors of the Company, have furnished declarations to the Company under Section 149(7) of the Act, confirming that they meet the criteria prescribed for independent directors under Section 149(6) of the Act as well as Clause 49. In the opinion of the Board, each of these directors fulfil the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and they are independent of the management.

Brief profiles of the said Directors, in terms of Clause 49 of the Listing Agreement are provided at the end of this Notice.

Upon the approval of the Members of the Company to the said resolutions, the appointment shall be formalized by way of issuance of a letter of appointment by the Company to the said Independent Directors.

Taking into account the vast and varied experience of Mr. Nasser Munjee, Mr. Darius E. Udwardia and Mrs Renu Sud Karnad, in their respective professional fields generally and particularly in the areas of governance and their active participations in the Board and its Committees, your Directors feel that their continued association with the Company as Independent Directors would be of immense benefit to the Company. The Board accordingly recommends the resolutions at Items No. 5 to 7 of this Notice for approval of the Members.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval.

None of the Directors or Key Managerial Personnel of the Company other than those mentioned in the respective resolutions and their relatives are in any way concerned or interested, financially or otherwise, in the resolutions at Items No. 5 to 7 of this Notice.

By Order of the Board
For ABB India Limited

B. Gururaj
Company Secretary

Mumbai, February 10, 2015

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

CIN: L32202KA1949PLC032923

Annexure to Notice – Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (Pursuant to clause 49 of the Listing Agreement)

Name of the Director	Tarak Mehta	Nasser Munjee
Date of Birth / Age	16.10.1966 / 48 years	18.11.1952 / 62 years
Date of Appointment on the Board	28.10.2014	20.02.2002
Qualification	BS Mechanical Engineering MBA Finance & Marketing	Post Graduate in Economics from 'The London School Of Economics'
Brief profile and nature of their expertise in specific functional areas	<p>Mr. Tarak Mehta is Executive Vice President, Head of Low Voltage Products division of ABB Limited, Switzerland, since October 1, 2010.</p> <p>Prior to that, he had acted as Head of Business Unit Transformers at ABB Management Services Limited since 2007.</p> <p>Mr. Mehta joined ABB Power T&D Company Inc in 1998 and has held various management positions in the Power Products division in the United States, Sweden and Switzerland.</p> <p>Before joining ABB, he worked for nine years at Cooper Power Systems in the United States.</p>	<p>Mr. Nasser Munjee is the Chairman of DCB Bank Limited.</p> <p>Mr. Munjee after completion of his education in London School of Economics, involved in establishing the first housing finance company in India viz., Housing Development Finance Corporation (HDFC) where he held the position as its Executive Director. In 1997, he joined IDFC Limited, and served as its Managing Director and CEO till 2004.</p> <p>Mr. Munjee, is on the Board of several other reputed companies.</p>
Directorships held in other companies.	Nil	<p><u>Public Limited companies</u></p> <ol style="list-style-type: none"> 1. Ambuja Cements Limited 2. Britannia Industries Limited 3. Cummins India Limited 4. DCB Limited - Chairman 5. Go Airlines (India) Limited 6. Housing Development Finance Corporation Limited - Director 7. Tata Chemicals Limited 8. Tata Motors Finance Limited - Chairman 9. Tata Motors Limited <p><u>Private Limited companies</u></p> <ol style="list-style-type: none"> 1. Aarusha Homes Pvt. Ltd.
Memberships / Chairmanships of committees across all companies	Nil	<p><u>Audit Committee Memberships:</u></p> <ol style="list-style-type: none"> 1. Ambuja Cements Limited <p><u>Audit Committee Chairmanships:</u></p> <ol style="list-style-type: none"> 1. Britannia Industries Limited 2. Cummins India Limited 3. Tata Chemicals Limited 4. Tata Motors Limited
Shareholding of Non-Executive Directors in the Company	Nil	Nil

Name of the Director	Darius E Udawadia	Mrs Renu Sud Karnad
Date of Birth / Age	27.09.1939 / 75 years	03.09.1952 / 62 years
Date of Appointment on the Board	21.07.2005	09.08.2013
Qualification	B.A, M.A, LL B.	Master in Arts, Economics, University of Delhi and Bachelor of Law, University of Mumbai.
Brief profile and nature of their expertise in specific functional areas	<p>Solicitor & Advocate of the Bombay High Court, and Solicitor of the Supreme Court of England.</p> <p>Mr. Udawadia is a founder partner of M/s. Udawadia & Udeshi, Solicitors & Advocates, since July, 1997 which is presently named Udawadia Udeshi & Argus Partners. Prior to July 1997, he was a partner of M/s. Crawford Bayley & Co., Solicitors & Advocates for over 20 years. He and his Firm are legal advisors to Indian and multinational companies.</p> <p>Mr. Udawadia has during his 49 years of active law practice acquired substantial knowledge, skill, experience and expertise in areas of corporate law, mergers, acquisitions and takeovers, corporate restructuring, foreign collaboration, joint ventures, project finance, intellectual property, international loans and finance related transactions, real estate and conveyancing.</p> <p>Mr. Udawadia also serves on the Board of several reputed Indian public and private companies.</p>	<p>Mrs. Karnad is the Managing Director of Housing Development Finance Corporation Limited, and is a distinguished business leader with 34 years of experience in the Indian Financial Sector with a strong and influential network with the corporate sector and various regulatory bodies. She also has a strong working knowledge of the Indian infrastructure sector and regulatory environment.</p> <p>She has won the recognition for being one of most influential and outstanding woman business leader in India by both Indian and International associations and media like Wall Street Journal and Verve. She is a Parvin Fellow- Woodrow Wilson School of International Affairs, Princeton University, U.S.A. She is also a member BTS Investment Advisory Committee advising the Swiss Tech fund set up by the Government of Switzerland.</p>
Directorships held in other companies.	<p><u>Public Limited companies</u></p> <ol style="list-style-type: none"> 1. AstraZeneca Pharma India Limited - Chairman 2. The Bombay Burmah Trading Corp. Ltd. 3. Concast (India) Limited 4. ITD Cementation India Limited 5. JM Financial Limited 6. JM Financial Products Limited 7. MPS Limited - Vice Chairman 8. WABCO India Limited 9. Bombay Gymkhana Limited <p><u>Private Limited companies:</u></p> <ol style="list-style-type: none"> 1. Conservation Corporation of India Pvt. Ltd. 2. Habasit Iakoka Pvt. Ltd. 3. JM Financial Trustee Co. Pvt. Ltd. 4. Quantum Advisors Pvt. Ltd. 5. Rossi Gearmotors (India) Pvt. Ltd. 6. SCA Hygiene Products India Pvt. Ltd. 	<p><u>Public Limited companies</u></p> <ol style="list-style-type: none"> 1. Bosch Limited 2. Credit Information Bureau (India) Limited 3. Gruh Finance Limited 4. Housing Development Finance Corporation Limited – Managing Director 5. HDFC Bank Limited 6. HDFC Asset Management Co. Ltd. 7. HDFC Ergo General Insurance Co. Ltd. 8. HDFC Property Ventures Ltd. - Chairperson 9. HDFC Standard Life Insurance Co. Ltd. 10. Indraprastha Medical Corporation Ltd. 11. EIH Limited <p><u>Private Limited companies</u></p> <ol style="list-style-type: none"> 1. Feedback Infrastructure Services Pvt. Ltd. 2. Lafarge India Private Limited 3. Credila Financial Services Pvt. Ltd. - Chairperson <p><u>Section 8 Company</u></p> <ol style="list-style-type: none"> 1. HT Parekh Foundation
Memberships / Chairmanships of committees across all companies	<p><u>Audit Committee Memberships:</u></p> <ol style="list-style-type: none"> 1. AstraZeneca Pharma India Limited 2. The Bombay Burmah Trading Corp. Ltd. 3. Concast (India) Limited 4. ITD Cementation India Limited 5. MPS Limited 6. WABCO India Limited <p><u>Stakeholders Relationship Committee Chairmanships:</u></p> <ol style="list-style-type: none"> 1. WABCO India Limited 	<p><u>Audit Committee Memberships:</u></p> <ol style="list-style-type: none"> 1. HDFC Ergo General Insurance Co. Ltd. <p><u>Audit Committee Chairpersonships:</u></p> <ol style="list-style-type: none"> 1. Bosch Limited 2. Credit Information Bureau (India) Limited <p><u>Stakeholders Relationship Committee Memberships:</u></p> <ol style="list-style-type: none"> 1. Bosch Limited
Shareholding of Non-Executive Directors in the Company	3,500	Nil

As per amended Clause 49 of the Listing Agreement, 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.

None of the aforesaid Directors is related to each other or to any other Director on the Board of the Company.

Directors' Report

Your Directors have pleasure in presenting their Sixty Fifth Annual Report and Audited Accounts for the year ended December 31, 2014.

Company's financial year under reference has commenced from January 1, 2014. The financial statements, auditors' report and Board's report for the year is prepared as per relevant provisions, schedules and rules of the Companies Act, 1956 as per clarification provided by the Ministry of Corporate Affairs vide their circular No 8/2014 dated April 4, 2014.

Financial Results

	(₹ in Crores)	
	For the year ended December 31, 2014	For the year ended December 31, 2013
Profit Before Taxation	355.21	272.47
Less: Provision for Tax		
- Current Tax	114.00	108.48
- Deferred Tax	12.70	(12.90)
Profit After Tax	228.51	176.89
Profit of Baldor Electric India Private Limited for the period April 1, 2012 to December 31, 2012 of the previous year on amalgamation	-	2.42
Profit for the year after giving impact of amalgamation	228.51	179.31
Balance Brought Forward from last year	89.48	85.04
Amount available for Appropriation	317.99	264.35
Appropriations		
General Reserve	120.00	100.00
Proposed Dividend	78.41	63.57
Corporate Dividend Tax	15.68	10.81
Corporate Dividend Tax (previous years)	-	0.49
Balance Carried Forward	103.90	89.48
	317.99	264.35

Dividend

Your Directors recommend payment of a dividend at the rate of ₹ 3.70/- (Rupees three and paise seventy only) per share for the year ended December 31, 2014 on 21,19,08,375 equity shares of ₹ 2/- each.

Performance Review

The Company secured orders valued ₹ 7,908 crores in 2014 as against ₹ 6,717 crores in the previous year. Base orders from wider spectrum of customers was also complimented by quite a few large projects. Exports witnessed a healthy growth through enhanced focus on sub-continent markets. The order backlog at the end of the year stood at ₹ 7,926 crores which continued to give more visibility to the future revenue streams. The revenue from operations for the Company for the year 2014 stood at ₹ 7,733 crores as against ₹ 7,722 crores in the previous year, reflecting stability of operations in an uncertain market situation. Profit before tax was up by 30% at ₹ 355 crores in 2014 on flat sales as compared to ₹ 272 crores in the previous year mainly due to operational excellence initiatives, supply chain efficiencies, focus on project management and localization of the products inspite of higher interest costs. Net profit after tax was up by 27% at ₹ 229 crores for the current year as compared to ₹ 179 crores in the previous year. Consequently the earnings per share for 2014 stood at ₹ 10.78 per share as compared to ₹ 8.46 in 2013.

For detailed analysis of the performance, please refer to the Management's Discussion and Analysis Section of the Annual Report.

Transfer to Investor Education and Protection Fund

In terms of Section 205C of the Companies Act, 1956 (which is still applicable as the relevant Section under the Companies Act, 2013 is yet to be notified), the unclaimed dividend amount aggregating to ₹ 18.89 lakh pertaining to the year ended on December 31, 2006, was transferred during the year 2014, to the Investor Education and Protection Fund established by the Central Government.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in Annexure – A, forming part of this Report.

Particulars of Employees

The statement under sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended and forming part of this report is given in Annexure - B. The said Annexure - B shall, however, be provided to the Members on request made in writing to the Company Secretary.

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed by the Company;
- ii. appropriate accounting policies have been selected and applied consistently and such judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at December 31, 2014 and of the profit of the Company for the year ended on that date;
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. the annual accounts have been prepared on a going concern basis.

Corporate Governance

The Company is committed to adhere the highest standards of corporate governance in all areas of its functioning. As required under Clause 49 of the Listing Agreement with Stock Exchanges, a report on Corporate Governance and a Certificate from M/s. V. Sreedharan & Associates, Practicing Company Secretaries, confirming compliance with the requirements of Corporate Governance are given in Annexure – C and Annexure – D respectively, which form part of this Report.

Business Responsibility Report

As required under Clause 55 of the Listing Agreement with the Stock Exchanges, the Business Responsibility Report forms part of the Annual Report.

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. In exceptional cases, Directors and Employees have direct access to the Chairman of the Audit Committee.

The Whistle Blower Policy is available on Company's website.

Directors

Mr. Gary Steel, Chairman and Mr. Peter Leupp, Director resigned from Board of Directors of the Company effective October 28, 2014. Your Directors place on record their appreciation of the valuable services rendered by the aforesaid Directors during their tenure as Directors of the Company.

Mr. Frank Duggan and Mr. Tarak Mehta have been appointed as Directors in the casual vacancies caused due to the resignations of Mr. Gary Steel and Mr. Peter Leupp respectively, with effect from October 28, 2014. Since Mr. Peter Leupp was to retire by rotation in this Annual General Meeting, Mr. Tarak Mehta would also cease to hold the office of Director at ensuing Annual General Meeting, pursuant to Section 161 (4) of the Companies Act, 2013 and is eligible for re-appointment as Director.

Mr. Frank Duggan has been appointed as Chairman of the Company effective October 28, 2014.

Pursuant to Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Nasser Munjee, Mr. Darius E Udwadia and Mrs Renu Sud Karnad are proposed to be appointed as Independent Directors for a period of 5 years from the date of the Annual General Meeting and shall not be liable to retire by rotation.

As stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, the relevant details of Directors retiring by rotation and seeking re-appointment at the ensuing Annual General Meeting are given in the annexure to the Notice of the Annual General Meeting.

Necessary resolutions relating to Directors who are seeking appointment / re-appointment are included in the Notice of Annual General Meeting.

Fixed deposits

Your Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

Shifting of Registered Office

Your Company has shifted its Registered Office to the new premises at 21st Floor, World Trade Center, Brigade Gateway, No.26/1, Dr. Rajkumar Road, Malleshwaram West, Bengaluru – 560 055 effective May 19, 2014.

Auditors

The Company's Auditors, M/s. S R BATLIBOI & ASSOCIATES LLP, Chartered Accountants (Firm Registration No. 101049W) hold office upto the conclusion of the ensuing Annual General Meeting. M/s. S R BATLIBOI & ASSOCIATES LLP, Chartered Accountants, will be the Statutory Auditors of the Company from the conclusion of 65th Annual General Meeting until the conclusion of 67th Annual General Meeting of the Company (subject to ratification for such appointment by Members at the subsequent Annual General Meeting). The Company has received the requisite certificate from them pursuant to Section 139 and 141 of the Companies Act, 2013 and rules framed there under, confirming their eligibility for re-appointment as Auditors of the Company.

Cost Auditors

The Board of Directors of the Company has appointed M/s. Ashwin Solanki & Associates, Cost Accountants, for conducting the Cost Audit for the year 2014. Cost Audit reports for the year 2013 was filed on June 24, 2014, which is within the time limit as prescribed in the Companies (Cost Audit Report) Rules, 2011.

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

Mumbai, February 10, 2015

Annexure – A to Directors' Report

Conservation of energy, technology absorption, foreign exchange earnings and outgo – Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

1. Conservation of energy

Energy conservation continues to be on top priority for the Company. Energy conservation measures taken during the year 2014 included:

- Strict monitoring of energy wastages, development and installation of custom made LED lights in office areas & rational use of air conditioning system
- Replacement of existing blower motor with energy efficient motor(IE2) in Paint booth(BU2) & ventilation plants
- Compressed air leakages prevention & optimum utilization of air compressor.
- Installation of occupancy sensor in standard room for illumination control.
- Installation of solar street light poles at various locations.
- Usage of wall mounting fans in canteen to switch off Air Conditioning unit.
- The new D G Set of 400 KVA was installed by replacing two DG sets of 250 KVA and 380 KVA which are less fuel efficient.
- Low efficient air conditioner replaced with energy efficient air conditioner at canteen.
- Adhere to the Operation timings & Preventive Maintenance for all the Electrical equipment & Lightings.
- Pneumatic System has been interlinked for various buildings to minimize the compressor Operation.
- Regular awareness Trainings for the all relevant employees at location pertaining to Energy Conservation
- 100 % utilization of STP Treated water for garden.
- Energy audit at all the locations and taking corrective actions.
- Implemented the actions initiated as per the observations of ABB Water Tool.
- Changes in operation methodology for 11 kV users (MVD) & coordinating with the BESCOM authorities for power shutdown's on non-working days
- AC & AV System Settings Done as per the Ambient Temp & Load Factor

Increased awareness amongst employees, better planning and preventive maintenance has collectively helped the Company reduce the consumption of electricity and diesel compared to previous years. Power availability has increased compared to last year, resulting in less utilization of captive power plant.

Total energy savings in 2014 as a result of measures taken is not very significant and has no appreciable impact on cost of goods, as the Company's production processes are not energy intensive.

The Mysuru unit currently working towards setting up a 66 kV line to ensure uninterrupted power for its facility at Mysuru. This step will further reduce usage of diesel generator sets.

Form A

Additional details for power and fuel consumption at the paper unit of the company:

1.1 Power and fuel consumption:	2014	2013
1. Electricity		
(a) Purchased (Units in kWhr Thousands)	11,893	11,218
Total amount (₹ in Thousands)	77,740	69,273
Rate / kWhr Unit (₹)	6.54	6.17
(b) Own generation		
Through diesel generator		
(Units in kWhr Thousands)	460	361
Units generated per liter of diesel	2.95	2.87
Oil cost / kWhr Unit (₹)	19.24	19.16
2. Briquette		
Quantity (Tonnes)	133	-
Total amount (₹ in Thousands)	704	-
Average rate / Tonne (₹)	5,300	-
3. Furnace oil		
Quantity (Litres in Thousands)	128	137
Total amount (₹ in Thousands)	5,933	6,622
Average rate / Litre	46.49	48.34
4. Paddy husk		
Quantity (Tonnes)	11,423	10,990
Total amount (₹ in Thousands)	50,637	51,801
Average rate / Tonnes (₹)	4,433	4,713
1.2 Consumption per tonne of production		
Electricity (Units)	1,321	1,242
Furnace oil, Paddy husk and Briquette (Equivalent Litres)	390	372

2. Technology absorption, adaptation and innovation

2.1 Technical development, product improvements and technology adaptation and innovation

- Symphony Plus (S+) DCS technology for Power & Water Automation.
- Communication solutions with wireless mesh technology.
- IE1, IE2 and IE3 Series LV Motors, Integration of Local Power source for Arc Welding Robots.
- ACS 880 series of LV Drives and Wind Generators based on new platform.
- Additional features to "Solar Pump Drive".
- Measurement and Analytical Products has introduced TTF200 a temperature transmitter.
- Measurement and Analytical Products has introduced HART based Pressure transmitter PT266-L9.
- Products localized: ACB E4, MCCB T4, T5 & T6 and formula MCCB
- Products localized: AX contactor, Pilot devices and soft starter PST-X
- RCCB F200 and FH200.
- Energy Efficient products as per IS 12615 which are compliant with IE2 & IE3 efficiency.
- Designs for 333MVA 765kV Auto transformer and 40MVAR 330kV Shunt Reactor.
- Development of form fit tank design for 3-phase shunt reactors (1st in LPT-MPT PG).
- Locally established manufacturing of High End Components used in large transformers, which earlier used to be sourced from ABB Sweden.
- 15.5 kV, 630A, 13.1 kA - Vacuum Auto recloser with RER 615 smart controller type OVR 15 for feeder automation.
- Polymer insulated Combi sensors 15.5 kV
- 72.5 kV to 420 kV CVT
- Successful use of Counter Shielded Disc Winding for 765kV transformer resulting in improved productivity and product performance.
- Shared locally developed know how in mechanical design area with ABB Sweden transformer plant by training of their design engineer at ABB Vadodara.
- Copper solution for 12kV, 1250A 25 kA ZN1 switchgear
- Compact 12 kV, 1250A, 40 kA air insulated switchgear Type ZS1.
- 12kV, 630A, 21 kA Outdoor RMU Tank with IAC AFLR upgrade.
- 36kV, 3150A, 31.5 kA switchgear and circuit breaker
- Live tank circuit breaker
- Shunt reactor technology successfully adopted for 800kV
- Major improvements in designs of shunt reactors over conventional European designs.
- Innovative command blocking arrangement on recloser.
- Combi sensor optimized sizing
- Metering module inside modular substation.

2.2 Expenditure on Research and Development and benefits derived

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 centrally managed at the Group level. Local R&D activities were carried out by the Company and have been billed to the central technology center. Local R&D activities mainly include localizing the products, adoption of global products to local environment, carrying out cost saving actions and other improvements. The expenditure has been mainly in the nature of payment of license fees for use of technology knowhow.

The Company has derived multifold benefits on account of Group R&D activities. 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. Imported Technologies

3.1 Technologies imported during the last five years

- 765 kV power transformer	2010
- 765 kV circuit breaker	2010
- Propulsion and auxiliary traction convertors	2010
- Vacuum contactor VSC	2010
- HXR series motors in frame size 355 to 500	2010
- Double fed wind generators	2010
- ACS 550 with isolator switch and spare kit	2010
- ACS 800 wind converters	2010
- ACS 850-04, ACQ810 and ACSM1 modules	2010
- MCCB – T4 and T5 breakers	2011
- ACS 2000 drives	2011
- Single coil actuator (magnetic actuator)	2012
- Process master (flow meter)	2012
- SM500 recorder	2012
- Temperature transmitter TTF 300	2012
- MoCon drive for crane applications	2012
- Combiflex auxiliary relays and accessories	2012
- ArTu Kay and RCCB products	2012
- E4 fixed part breaker	2013
- Modular HV machines for AMI 560 / 630 (8MW / 13.8kV)	2013
- 420 kV GIS	2013
- 800 kV capacity voltage transformer	2013
- Laminated flux shields for power transformers	2013
- 800 kV shunt reactors	2013
- Relion 650 series	2013
- Combiflex, range of measurement relays	2014
- Combiflex Test switch RTXP	2014
- Adaptation of IE1, 2 and IE3 design & Wind Generators	2014
- TTF200 a temperature transmitter.	2014
- HART based Pressure transmitter PT266-L9	2014

3.2 Foreign exchange earnings and outgo

(a) Activities related to exports; initiative taken to increase exports; development of new export markets for products and services; export plans

During the year, the Company received export orders worth ₹ 1,523 crores reflecting growth of 31% over previous year. The export revenues during the year were ₹ 1,203 crores, reflecting a growth of 18% over previous year. Orders were higher in Power Products segment.

Power Products segment has consistently focused in expanding its global presence in all its business units namely Breakers, Capacitors, HV Disconnectors, HV Instrument Transformers, MV SafeLink Circuit Breakers and Large Power Transformers. The Transformers business unit has received orders for Power Transformers majorly from Zambia, Uruguay and also initiated exports to countries such as Honduras (SAM), Congo, Madagascar, Nepal, Bangladesh & Jordan. The Medium Voltage business unit has developed new markets while introducing the Outdoor Circuit Breakers in Lithuania, Mexico, Mozambique & RMU in Angola, Zimbabwe, Ghana and Ivory Coast and also bagged orders from Kuwait, Australia and Bangladesh. New market development in High Voltage Disconnector includes Chile, Senegal, Mozambique, Lebanon, Bulgaria, Azerbaijan & Georgia. High Voltage business unit has received order for Breakers majorly from Vietnam. New Export Markets Developed for Innovative Power Quality Compensation solutions such as STATCON are some of the initiatives which have helped in Export Market Development in Bulgaria, Indonesia, Pakistan & Large Orders for Innovative AIS solution from Norway, Denmark, Switzerland, Peru and Spain. Strategic initiatives has been taken in all the business units to increase the Exports. Accordingly Congo, Ghana, Ukraine, Azerbaijan, Latin America (Brazil, Chile) Kuwait, Zambia, Oman, Saudi Arabia has been focused upon in the respective business sector of this Segment. Participation in Technology Days, South Africa, Development and implementation of expanded HV Disconnectors portfolio in Export Markets with newer ratings and types of Disconnectors, HV Circuit Breakers has developed new markets in Croatia, Honduras, Ivory Coast & Oman. HV Instrument Transformers' new market development include – Honduras, Ivory Coast, Democratic Republic of Congo & Uganda.

Discrete Automation and Motion segment has continued to focus on Exports Orders. Medium Voltage Drives business unit has got orders from Bangladesh, Sri Lanka and Japan. Low Voltage Drives has bagged orders from countries like Sri Lanka and other ABB group companies. Strategic initiatives have been taken to increase Exports to Kenya and developed market in Vietnam.

Power System segment has made Coordinated & consolidated efforts to bag orders in Export market. There is a dedicated team which cater to the needs of the export markets. The Sub-station business unit has been successful in getting repeat orders from customers in Bangladesh, Myanmar, Nepal and Sri Lanka. Strategic initiatives to increase Export Orders include Participation in CII Exhibition in Myanmar to increase the customer engagement and Pretender tie up for local services.

Process Automation segment continued to focus on Export Market in the Segment. Major orders are received from many customers from Bangladesh & Australia. There are a few Strategic initiatives taken during the year to capture the market like, Installation of Wash Machine facility and Milipore, 61 new components developed etc. A dedicated resource is identified for Exports - Business Development Manager for Bangladesh, Nepal, Bhutan and Sri Lanka to initiate actions to boost Exports Orders.

Low Voltage Products segment had continued to expand its export market by sustained focus on market penetration for Low Voltage Systems in countries like Brazil, Indonesia & Singapore

With management focus, strategies and increasing sourcing of components, products and services from India by the ABB Group companies, prospects for growth of exports in the years ahead remains high.

b) Total foreign exchange used and earned

	(₹ in Crores)	
	2014	2013
(i) Foreign exchange earned	1,320	1,181
(ii) Foreign exchange used	2,564	2,455

For and on behalf of the Board

Frank Duggan
Chairman

Mumbai, February 10, 2015

Annexure – C 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., 3 Independent and 3 Non-Independent, out of which one is Executive Director i.e., Managing Director, which is in conformity with the requirement of Clause 49 of the Listing Agreement with the Stock Exchanges. The Chairman of the Board is a Non-executive and Non Independent Director.

Except the Managing Director all the Non-Executive non independent Directors are liable to retire by rotation. In the ensuing Annual General Meeting, one Non – Executive Non-Independent Director (who is appointed in the casual vacancy) is getting re-appointed. All the Independent Directors are getting re-appointed for a term of 5 years pursuant to Sec 149 of Companies Act, 2013.

(i) Composition / Category of Directors / Attendance at Meetings / Directorships and Committee Memberships in other companies as on December 31, 2014

Name	Category of Director	Attendance			Directorships / Mandatory Committee Memberships in Other Companies			
		No. of Board meetings held during 2014	No. of Board Meetings attended	Last AGM attendance	Directorship in Public Companies	Directorship in Private Companies	Mandatory Committee Memberships	Mandatory Committee Chairmanships
Mr. Gary Steel *	Non-executive Chairman	4	4	Yes	Nil	Nil	Nil	Nil
Mr. Frank Duggan +	Non-executive Chairman		1	NA	Nil	Nil	Nil	Nil
Mr. Bazmi R Husain	Managing Director		4	Yes	1	Nil	3	Nil
Mr. Nasser Munjee #	Non-executive & Independent		2	Yes	9	1	4	5
Mr. Darius E. Udwadia #	Non-executive & Independent		3	Yes	9	6	9	3
Mr. Peter Leupp @	Non-executive		3	Yes	Nil	Nil	Nil	Nil
Mrs. Renu Sud Karnad #	Non-executive & Independent		4	Yes	11	4	6	3
Mr. Tarak Mehta \$	Non-executive		1	NA	Nil	Nil	Nil	Nil

* Mr. Gary Steel resigned w.e.f. October 28, 2014

+ Mr. Frank Duggan was appointed as Director and Chairman w.e.f. October 28, 2014

@ Mr. Peter Leupp resigned w.e.f. October 28, 2014

\$ Mr. Tarak Mehta was appointed as Director w.e.f. October 28, 2014

Full particulars of directorship in Public Companies, Membership and Chairmanship have been given. All the Independent Directors fulfill the requirements stipulated in Clause 49 (II) (B) (2) of the amended Listing Agreement.

(ii) No. of Board Meetings held in the Financial Year 2014 and dates on which held

The Board has held four meetings during the financial year 2014 i.e., on February 18, May 4, July 23, and October 28, 2014.

3. Audit Committee

(i) Terms of Reference

The Audit Committee shall act on the terms of reference given by the Board pursuant to Section 177 of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement.

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 / Recommendation 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 Clause (2AA) of Section 217 of the Companies Act, 1956 / sub-section (5) of Section 134 of the Companies Act, 2013;
 - 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;
 - Assessment of performance of Statutory Auditors, Internal Auditors, adequacy of the internal control systems;
 - Evaluation of internal financial controls and risk management 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 the 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;
- To review proposal for mergers, demergers, acquisitions, carve-outs, sale, transfer of business and its valuation report and fairness opinion, if any, thereof;
- 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;
- To review the functioning of the Whistle Blower mechanism.
- To 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 Companies Act, 2013.
- To carry out such other function as may be delegated by the Board from time to time.

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 Clause 49 of the Listing Agreement of the Stock Exchanges and the provisions of Section 177 of the Companies Act, 2013.

The Chairman of the Audit Committee was present at the last (64th) Annual General Meeting held on May 5, 2014.

(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 six meetings during the financial year 2014 i.e., on February 17, May 4, July 23, October 14, October 28 and December 11, 2014. The composition of the Audit Committee as on December 31, 2014 and the attendance of members at the meetings of the Audit Committee held during the financial year 2014 were as follows:

Members of Audit Committee	No. of meetings attended
Mr. Nasser Munjee (Chairman)	4
Mr. Darius E. Udawadia (Independent Director)	5
Mr. Peter Leupp (upto 28.10.2014)	3
Mrs. Renu Sud Karnad (Independent Director)	4
Mr. Tarak Mehta (w.e.f. 28.10.2014)	-

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

4. Nomination and Remuneration Committee

Pursuant to the provisions of Section 178 Companies Act, 2013, and revised Clause 49 of the Listing Agreement (mandates Nomination and Remuneration Committee effective October 1, 2014), the nomenclature of the Remuneration Committee has been changed to Nomination and Remuneration Committee.

(i) Terms of Reference

Role of the Nomination and Remuneration Committee will be as per provisions of Section 178 of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement as amended from time to time including 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 has been reviewed by the Nomination and Remuneration Committee and approved by the Board.

The terms and conditions of appointment will be disclosed in the website of the Company www.abb.co.in.

Familiarization programmes for Independent Directors will be undertaken from time to time. Details of such programmes will be updated on the Company's website.

The Company will convene separate meeting of Independent Directors as required under Clause 49(II) (B)(6).

(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. One meeting of the Committee was held on October 28, 2014 during the year. The composition of the Nomination and Remuneration Committee as on December 31, 2014 is as under:

Members of Audit Committee	No. of meetings attended
Mr. Nasser Munjee (Chairman)	-
Mr. Gary Steel (upto 28.10.2014)	1
Mrs. Renu Sud Karnad (Independent Director)	1
Mr. Frank Duggan (w.e.f. 28.10.2014)	-

(iii) Remuneration Policy / Criteria of payments to Directors

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 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 Non-executive Independent Directors are entitled to sitting fees for attending the Board / Committee Meetings. Sitting fees for Board and Audit Committee Meetings is ₹ 20,000/- per person per meeting and for Corporate Social Responsibility Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Risk Management Committee, the sitting fees is ₹ 10,000/- per person per meeting.

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

(iv) Details of remuneration to all the Directors paid during the financial year 2014

(₹ in Lakhs)					
Name	Sitting Fees	Salary & Perquisites	Commission / Bonus (*)	Stock Option	Pension
Mr. Bazmi R Husain	Nil	236.62	62.07	Nil	Nil
Mr. Nasser Munjee	1.20	NA	33.00	Nil	Nil
Mr. Darius E. Udawadia	1.90	NA	31.00	Nil	Nil
Mrs. Renu Sud Karnad	2.30	NA	13.25	Nil	Nil
Mr. Gary Steel (upto 28.10.2014)	Nil	Nil	Nil	Nil	Nil
Mr. Peter Leupp (upto 28.10.2014)	Nil	Nil	Nil	Nil	Nil
Mr. Tarak Mehta (w.e.f. 28.10.2014)	Nil	Nil	Nil	Nil	Nil
Mr. Frank Duggan (w.e.f. 28.10.2014)	Nil	Nil	Nil	Nil	Nil

* Commission / Bonus for the year 2013 paid during 2014.

Commission to Non-executive Independent Directors:

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

The above commission payable to Non-Executive and 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 non-executive and 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. Bazmi R Husain, 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 with a law firm where Mr. Darius E Udwadia is a partner and (b) a private limited company where Mrs Renu Sud Karnad is Director.

- (a) The Company has paid ₹ 4,75,560/- to the law firm M/s Udwadia Udeshi & Argus Partners, as fees for professional services that were provided by the firm to the Company on specific legal matters entrusted by the Company to it for advice. Mr. Udwadia is a Senior Partner of the said firm. 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) Mrs. Renu Sud Karnad, who is also a Director on the Board of Lafarge India Pvt. Ltd., with which the Company is having business relationship viz., purchase and sale of goods / equipments, turnkey projects, license of software etc., as normal business transactions, for more than a decade. The Purchases and Sales including the orders released and received during year is ₹ 1,35,69,298/-. 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 Lafarge and the Company to be of a material nature so as to affect independence of judgment of Mrs. Karnad as a Director of the Company.

5. Stakeholders Relationship Committee

In line with the provisions of Section 178 of the Companies Act, 2013, the nomenclature of the erstwhile Investors Grievance Committee has been changed to "Stakeholders Relationship Committee" with effect from May 4, 2014. The said Committee has been authorised 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 (MD) and the Company Secretary to approve the share transfers / transmissions 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.

Four meetings of the Committee were held during the financial year 2014 i.e., on February 18, May 4, July 23 and October 28, 2014.

The composition of Stakeholders Relationship Committee as at December 31, 2014 and attendance of the Committee members at the meetings were as follows:

Members of Stakeholders Relationship Committee	No. of meetings attended
Mr. Darius E. Udawadia (Chairman)	3
Mr. Bazmi R Husain	4
Mrs. Renu Sud Karnad (Independent Director)	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 2014 are as under:

No. of investors' complaints received during 2014	No. of investors' complaints resolved during 2014	Investors' complaints pending at the end of 2014
463	463	NIL

6. Risk Management

The Company has in place a mechanism to inform Board Members about the risk assessment and minimization procedures and periodical review to ensure that executive management controls risks by means of a properly defined frame work. As required under amended Clause 49 of the Listing Agreement, the Company has formulated a Policy on Risk Management and constituted a Risk Management Committee on February 10, 2015, which is as under:

Members of Risk Management Committee

Mr. Nasser Munjee - Director (Chairman)
Mr. Frank Duggan - Director
Mr. Bazmi R Husain - Managing Director
Mr. Amlan Datta Majumdar, CFO
Mr. N. Venu - President, Power Systems Division

7. Corporate Social Responsibility Committee

Pursuant to Section 135 of the Companies Act, 2013 a Corporate Social Responsibility (CSR) Committee of the Board has been constituted.

Two meetings of Committee were held during the financial year 2014 i.e., on July 23 and October 28, 2014.

The Committee is chaired by Mrs. Renu Sud Karnad – Non Executive Independent Director. The composition of Committee as at December 31, 2014 and attendance of the Committee members at the meetings were as follows:

Members of Corporate Social Responsibility Committee	No. of meetings attended
Mrs. Renu Sud Karnad (Chairperson)	2
Mr. Peter Leupp (upto 28.10.2014)	0
Mr. Bazmi R Husain	2
Mr. Tarak Mehta (w.e.f. 28.10.2014)	1

The Company has formulated a Policy for its CSR and also identified the following the 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 following this link: www.abb.co.in

8. 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.

9. Chief Executive Officer (CEO) and Chief Financial Officer (CFO) certification

As required by Clause 49 IX of the Amended Listing Agreement, the CEO and CFO certification on the Financial Statements, the Cash Flow Statement and the Internal Control Systems for financial reporting has been obtained from Mr. Bazmi R Husain - Managing Director and Mr. Amlan Datta Majumdar – Chief Financial Officer. The said certificate is part of the Annual Report.

10. General Body Meetings

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

For the Year	Venue	Day & Date	Time
2013	"Grand Ball Room", Second floor, Sheraton Bangalore Hotel at Brigade Gateway, 26/1, Dr. Rajkumar Road, Malleshwaram-Rajajinagar, Bengaluru – 560 055	Monday May 5, 2014	11.00 a.m. (IST)
2012	"Trinity Hall" Vivanta by Taj - M G Road, 41/3 Mahatma Gandhi Road, Bengaluru – 560 001	Thursday May 9, 2013	11:00 a.m. (IST)
2011	"Trinity Hall", Vivanta by Taj - M G Road, 41/3 Mahatma Gandhi Road, Bengaluru – 560 001	Thursday May 10, 2012	11:00 a.m. (IST)

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

No Special Resolution was passed at the Annual General Meeting held on May 5, 2014.

One Special Resolution for change of name from ABB Limited to ABB India Limited was passed in the last Annual General Meeting held on May 9, 2013.

One Special Resolution, seeking consent of Members for payment of commission to the non-executive directors for the years 2012-2016, was passed in the Annual General Meeting held on May 10, 2012.

(iii) Postal Ballot

No postal ballot was conducted in the year 2014. As on date, the Company does not have any proposal to pass any special resolution by way of postal ballot.

11. 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 Accounting Standard 18, 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, Directors their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company.

All the transactions with related parties during the year were in the ordinary course of business and at arm's length basis. In terms of amended Clause 49 of the Listing Agreement, the Company started obtaining prior approval of the audit committee from October 1, 2014 for entering into transactions with related parties.

Policy on dealing with Related Party Transactions can be viewed by visiting the website: www.abb.co.in

(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 or any matter related to capital markets during the last three years.

During January 2013, Company received a Show Cause notice from Securities and Exchange Board of India (SEBI) pointing out certain delays made by the Company in making disclosures required under Regulation 8 (3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, in the years 2001, 2002 and 2006.

As the said delays were due to oversight, the Company made an Application to SEBI for amicable settlement by way of a Consent order. SEBI accepted the Company's application for Consent provided the Company paid a sum of ₹ 3,69,750/- towards settlement charges.

The Company paid the aforesaid sum to the SEBI and the SEBI has passed a Consent order vide its No.CFD-DCR II/ABB/AO/DRK-AKS/EAD-3/CO-70/5-13 dated November 21, 2013 and the matter has accordingly been concluded.

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 of Clause 49 of the Listing Agreement.

During the year, the Company has fully complied with the mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges.

The Company has adopted Sl. No. 3, 4 & 5 of the Non-Mandatory requirements as provided in Annexure XIII to the Listing Agreement and not adopted Sl. No. 1 & 2 of the Non-Mandatory requirements.

12. Means of Communication

Quarterly Financial Results / Official News Releases

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

The financial results and the official news releases are also placed on the Company's website 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: www.abb.co.in.

13. General Shareholder Information

(i) Annual General Meeting

Day, Date, Time and Venue:

The Company will be holding its 65th Annual General Meeting on Wednesday, May 6, 2015 at 11.00 a.m. (IST) at **"Grand Ball Room", Second Floor, Sheraton Bangalore Hotel at Brigade Gateway, 26/1, Dr. Rajkumar Road, Malleshwaram - Rajajinagar, Bengaluru – 560055.**

Agenda:

- a) Adoption of Audited Balance Sheet, Audited Profit and Loss Account, Cash Flow Statement for the year ended December 31, 2014, Reports of the Directors and the Auditors thereon.
- b) Declaration of Dividend.
- c) Appointment of M/s. S. R. BATLIBOI & ASSOCIATES LLP, Chartered Accountants, having ICAI Firm registration number 101049W, as Statutory Auditors.
- d) Re-appointment of a Director retiring by rotation and
- e) Appointment of Independent Directors pursuant to Section 149 of Companies Act, 2013.

(ii) Profile of Directors seeking re-appointment

The profile of Directors retiring by rotation and seeking re-appointment at the ensuing Annual General Meeting are given in the annexure to the notice of the Annual General Meeting.

None of the aforesaid Directors is related to each other or to any other Director on the Board of the Company. None of the Directors is related to the Promoters of the Company.

(iii) Financial Year

Company's financial year is January – December. The Indicative calendar of events for the year 2015 (January - December) excluding Extra Ordinary General Meeting(s), if any, are as under:

Fourth Quarter Financial Results (Year 2014)	February 2015
First Quarter Financial Results	May 2015
Annual General Meeting	May 2015
Second Quarter Financial Results	July 2015
Third Quarter Financial Results	November 2015

In terms of the circular issued by Ministry of Corporate Affairs, as a Green Initiative and subsequent amendment to the Listing Agreement, the soft copy of the notice and the annual report for the year 2014 will be circulated to the respective e-mail IDs registered and available in Company 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 April 30, 2015 to May 6, 2015 (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 7, 2015, to those shareholders whose names appear on the Company's Register of Members as on April 29, 2015.

(vi) Listing on Stock Exchanges

The equity shares of the Company are currently listed with National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The Company has paid till date, appropriate listing fee to both the stock exchanges.

Pursuant to the amendment to the Listing Agreement by inserting Clause 5A, the Company's Registrar & 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 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 shares

(vii) Stock Code

BSE Limited : 500002
National Stock Exchange of India Limited : ABB
ISIN : INE117A01022

(viii) Market Price Data

The market price data and volume of the Company's shares traded in the BSE Limited and the National Stock Exchange, during the year 2014 were as follows:

Period 2014	BSE (₹)		BSE Sensex		NSE (₹)		NSE Nifty	
	High	Low	High	Low	High	Low	High	Low
January	698.25	568.05	21,409.66	20,343.78	698.20	566.95	6,358.30	6,027.25
February	735.00	570.00	21,140.51	19,963.12	734.95	567.40	6,282.70	5,933.30
March	858.00	710.05	22,467.21	20,920.98	862.00	710.60	6,730.05	6,212.25
April	869.90	810.40	22,939.31	22,197.51	870.50	810.10	6,869.85	6,650.40
May	981.60	807.30	25,375.63	22,277.04	982.00	808.10	7,563.50	6,638.55
June	1,125.00	909.00	25,725.12	24,270.20	1,125.60	905.95	7,700.05	7,239.50
July	1,200.00	1,008.40	26,300.17	24,892.00	1,172.00	1,006.45	7,840.95	7,422.15
August	1,120.00	956.10	26,674.38	25,232.82	1,061.40	970.00	7,968.25	7,540.10
September	1,263.50	980.25	27,354.99	26,220.49	1,263.50	981.35	8,180.20	7,841.80
October	1,188.00	988.25	27,894.32	25,910.77	1,189.40	985.00	8,330.75	7,723.85
November	1,177.15	1,065.00	28,822.37	27,739.56	1,177.00	1,061.00	8,617.00	8,290.25
December	1,396.70	1,091.05	28,809.64	26,469.42	1,398.60	1,110.05	8,626.95	7,961.35

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

ABB Share Price Movement v/s BSE Sensex

January – December 2014

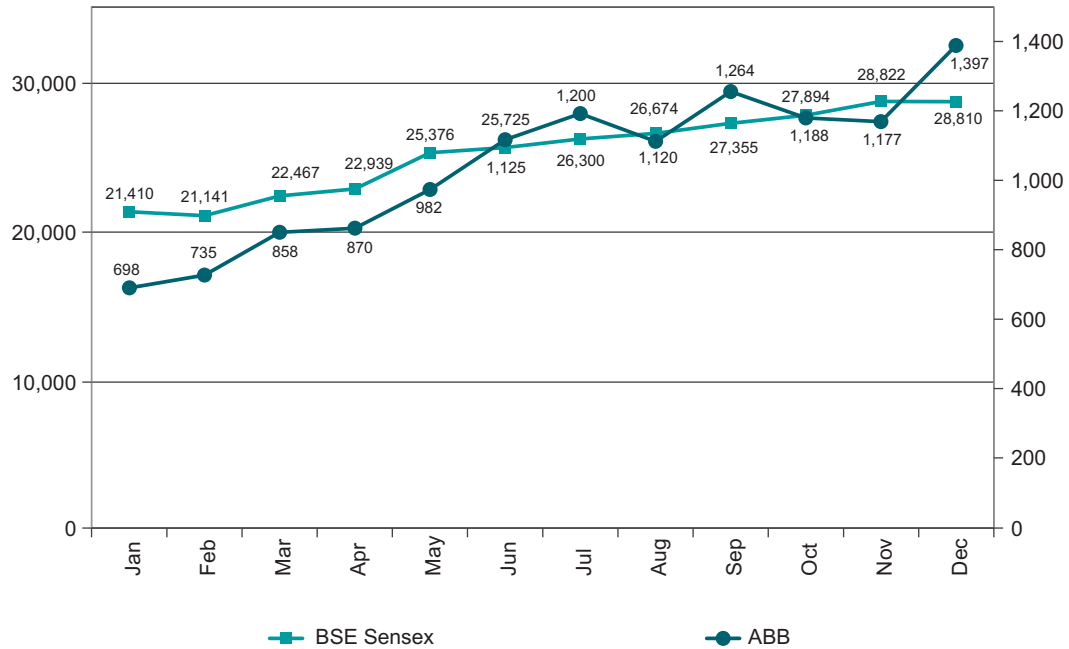
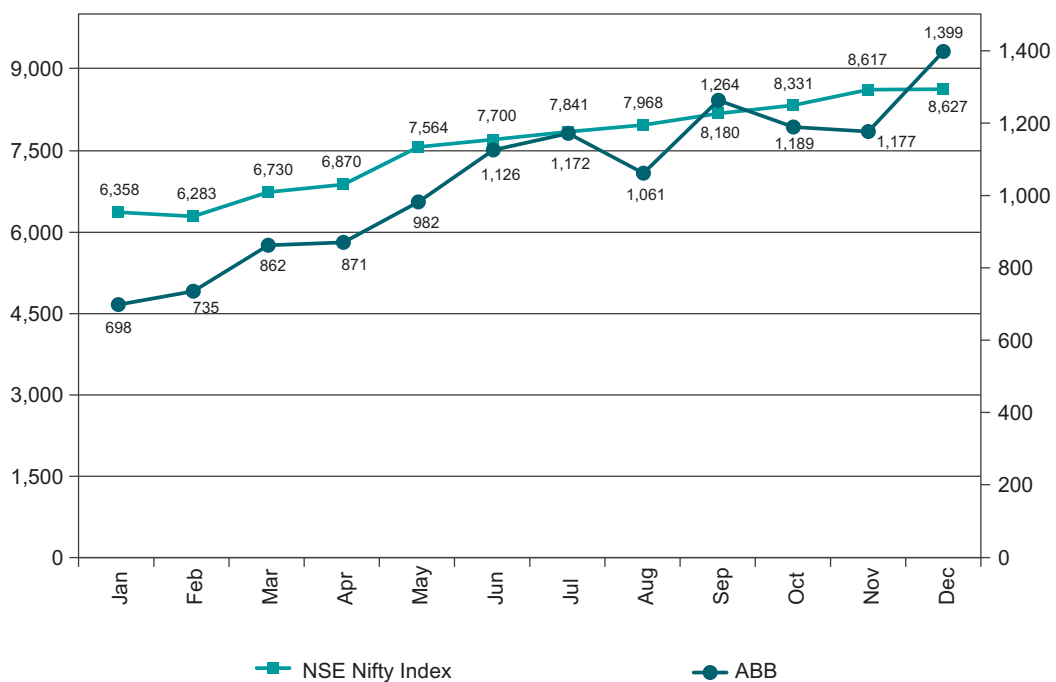


ABB Share Price Movement v/s NSE Nifty Index

January – December 2014



(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
Tel. No.080-67453237, Fax No.080-26600786
E-mail: kulashekara.sharma@karvy.com

Plot No.17-24,
Vittal Rao Nagar, Madhapur, Hyderabad – 500 081
Tel.No.040-44655000, Fax No.040-23420814
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 said Committee.

(xii) Shareholding Pattern

Shareholders	As on 31.12.2014		As on 31.12.2013	
	No. of shares	%	No. of shares	%
ABB Asea Brown Boveri Limited Zurich & ABB Norden Holding AB, Sweden	1,58,931,281	75.000	15,89,31,281	75.000
Non-Resident Individuals / OCBs	2,96,701	0.14	3,21,295	0.152
Directors and their relatives	3,500	0.002	3,500	0.002
LIC / UTI / Other Insurance Cos.	2,19,06,773	10.338	2,31,87,375	10.942
Nationalised Banks / Other Banks	1,96,525	0.093	4,73,669	0.224
Mutual Funds	38,17,816	1.802	24,32,608	1.148
Foreign Institutional Investors	98,32,813	4.640	87,33,536	4.121
Bodies Corporate / Trust	12,21,941	0.577	11,66,827	0.551
Foreign Portfolio Investors	3,34,700	0.158	0	0.000
General Public	1,53,66,325	7.251	1,66,58,284	7.861
Total	21,19,08,375	100.00	21,19,08,375	100.00

(xiii) Distribution of Shareholding as on December 31, 2014

Category	No. of Shareholders	No. of Shares held	% of equity capital
1 – 5000	62,964	1,30,93,973	6.18
5001 – 10000	242	16,49,335	0.78
10001 – 50000	122	22,56,481	1.06
50001 – 100000	16	11,03,599	0.52
100001 and above	39	19,38,04,987	91.46
Total	63,383	21,19,08,375	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, 2014, out of 211,908,375 equity shares of the Company, 208,946,282 equity shares have been dematerialised representing 98.60%.

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 amended Clause 49 of the Listing Agreement, 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, 2014.

As per Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has adopted a Code of Conduct for Prevention of Insider Trading. The Company Secretary is the Compliance Officer. The said Code of Conduct is applicable to all Directors and identified employees of the Company as well as of the group company who are expected to have access to unpublished price sensitive information relating to the Company.

(xvii) Plant Locations

The Company's plants are located in Bengaluru, Faridabad, Haridwar, Mumbai, Mysuru, Nashik, Savli and Vadodara.

(xviii) 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: 080-22949150 to 22949153, Fax: 080-22949148
Corporate Secretarial E-mail ID: investor.helpdesk@in.abb.com, Corporate Website: www.abb.co.in

(xix) Corporate Identity Number

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

(xx) Compliance Officer

Mr. B. Gururaj, Company Secretary is the Compliance Officer of the Company and Secretary to all Committees of the Board.

14. Non-Mandatory 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.
- The Auditors' Opinion on the Financial Statements is unqualified.
- Internal Auditor submits his reports directly to the Audit Committee at its every quarterly meetings.

For and on behalf of the Board

Frank Duggan
Chairman

Mumbai, February 10, 2015

Declaration by the Managing Director under Clause 49 of the Listing Agreement regarding compliance with Business Conduct Guidelines (Code of Conduct)

In accordance with Clause 49 (II) (e) of the amended Listing Agreement with the Stock Exchanges, 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, 2014.

For ABB India Limited

Bazmi R Husain
Managing Director

Mumbai, February 10, 2015

Annexure – D 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 Clause 49 of the Listing Agreement with the Stock Exchanges for the financial year ended December 31, 2014. 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 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.

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 Listing Agreement. As regards Annexure XIII of listing agreement in connection with non-mandatory requirements, the company has complied with items 3, 4 and 5 of such non-mandatory requirements.

For V. Sreedharan & Associates

Company Secretaries

Pradeep B Kulkarni

Partner

F.C.S.7260; C.P.No.7835

Bengaluru, February 10, 2015

Management's Discussion and Analysis

Economy and market overview

In 2014, after a tepid start there was a shift to positive sentiments led by commitments from the newly elected Central Government. The economic landscape reflected signs of a slow recovery, aided by certain Government announcements as well as correction in commodity prices. During the year, India's GDP growth forecast was revised upwards to 5.6 percent from 5.4 percent in contrast to the contracting global forecast. Falling crude prices and increased inflows from FIIs helped stabilize foreign exchange reserves. This also helped in containing inflation and narrowed the current account deficit. However meeting the fiscal deficit target remained a challenge. Investments in industry continued to be impacted by high rates of interest, slow pace of project implementation, thereby resulting in lower capacity utilization. In 2014, the Indian Rupee witnessed a range bound stabilization against the dollar. The government's pro-reform agenda was reflected in a range of investor friendly measures on land acquisition, job creation and workforce reforms, coal block allocations, and amendments to the electricity act. Rationalization in diesel prices, reforms in tax administration and structure, redefining investment limits across defence, railways, realty and insurance, have all paved the way for renewed investor confidence.

Operations overview

In a year where sentiments were stronger than on-ground revival, the Company's performance was driven by enhancing profitability, stabilizing revenues and improving competitiveness. The Company continued its focus on short cycle orders as well as going for the big wins. Integrated offerings across segments, enhanced local content and new manufacturing lines provided the opportunity to increase the range of **penetration** with customers. **Innovative** products like solar pump drives and solutions like engineered substation packages helped the Company to better customize and add value to the customers' business. The Company leveraged its expertise and experience to **expand** presence in emerging areas of growth - across electrical value chain, industrial productivity, rapid urbanization, and efficient transportation.

The Company's technologically advanced product management coupled with improved project administration helped gain orders from sectors like power infrastructure, renewables, energy efficiency, transportation, and petrochemicals.

The year was marked by success in orders from across the subcontinent including Sri Lanka and Bangladesh. As India geared up to meet the ambitious access to electricity targets, orders were received from various state utilities looking to revamp and upgrade transmission and distribution infrastructure. Large project wins included technology driven solutions covering traditional space in power infrastructure as well as from emerging areas of renewables and energy efficiency.

The Company also achieved the milestones of commissioning the first locally manufactured 420 kV GIS and 1,200 kV circuit breaker - the highest voltage anywhere in the world.

Requirements for enhanced industrial productivity and energy efficiency, resulted in large orders in electrics and automation. Upgrades for precision measurement products, state of the art control technologies and production optimization solutions were in demand from sectors like cement, steel, paper and oil and gas. In addition, orders were also received from traditional sectors of marine and locomotives.

There was significant traction in orders from the solar segment led by accelerated demand for the indigenous solar pump drive. The Company continued to be the market leader in solar inverters in the country in 2014.

In 2014, the Company delivered a solid growth in orders at ₹ 7,908 crores as against ₹ 6,717 crores in the previous year. Base orders from a wider spectrum of customers was also complemented by a quite a few large projects. Exports witnessed a healthy growth through enhanced focus on subcontinent markets.

The revenues for 2014 remained consistent at ₹ 7,733 crores as against ₹ 7,722 crores in 2013, reflecting stability of operations in an uncertain market.

The order backlog at the end of the year marginally increased to ₹ 7,926 crores, which continued to give visibility to the future revenue streams.

Profit before tax was recorded at a robust ₹ 355 crores in 2014 as compared to ₹ 272 crores in the previous year. Profit after tax posted a growth of 27 percent at ₹ 229 crores for the current year as compared to ₹ 179 crores in the previous year. Consequently the earnings per share for 2014 stood at ₹ 10.78 per share as compared to ₹ 8.46 in 2013.

Service

Sustained value based engagement with customers has enabled steady growth in orders for the service business. Customer connect programs and strategic engagement across the service value chain through bundled offerings and integrated solutions, helped penetrate a larger installed base. Conventional service portfolio of spare parts, field services, and retrofits, was balanced by substantial contribution from solutions in energy efficiency and power quality, equipment performance management (EPM), and personnel training. Focus on geographical reach to cover the white spots through service hubs continued to yield better results. Initiatives for emerging sectors like solar, hydro, building infrastructure, and railways had also gained momentum in 2014.

During the year, the Company was recognized as the most valued partner in maintenance, repair and operations (MRO) from Tata Steel. In addition, major customers such as SAIL, NTPC, PGCIL, JSW Steel, Reliance Industries, Indian Railways, Ultratech, and Holcim also strengthened their service engagement with the Company.

Exports

The Company reported an all-time high growth in export orders of over 30 percent, in 2014. A combination of quality, cost and productivity coupled with enhanced customer connect helped boost exports. The Company entered new markets like Myanmar and also successfully received repeat orders from Bangladesh and Sri Lanka. Focused market development activities resulted in opening up untapped export potential, ushering in a healthy mix of system and product orders. Key export project orders in 2014 included construction of four 132/33 kV substations and expansion of six substations in Bangladesh, building two 220 kV substations and upgrading existing 220/132/33 kV substations in Sri Lanka. Export orders were also received for high current rectifiers from Indonesia and low voltage systems for pulp and paper industry in Singapore.

The Company's exports are spread across countries in Europe, Asia, Americas, Middle East, and Africa.

Operational excellence

The year was characterized by a multi-pronged approach to operations – a combination of strategy, process and people. Incremental enhancements in product management, leaner processes, and sustainable supply chain management helped meet global standards. The above with localization initiatives helped the Company drive the profitable growth momentum in 2014. Indigenization of products, along with a more unified approach to sourcing, enabled the Company to achieve significant material cost reduction.

Outlook

The initiatives of the government are steps in the right direction and bode well for the medium to long term perspective. Revival is expected to be aided by implementation of stalled projects, debottlenecking of core sectors and higher external demand pushing industry recovery. Sectors with a positive outlook in the near term comprise power transmission and distribution, oil refining, food processing, mining and renewables. The “Make in India” campaign touching most sectors, if supported by positive actions, have the potential to significantly improve the share of manufacturing in the country's GDP. The government's smart city initiative will provide impetus to urban transportation projects, service delivery of utilities and automation for commercial and residential buildings.

The markets are awaiting a turnaround in the investment cycle in the backdrop of the recent reform measures. The Company preparing for market recovery, continues to invest, augment and develop local resources. This strategically positions the Company to serve the Indian growth story and its evolving demands in power and automation.

Business segment analysis

Relative distribution of revenues among business segments:

(₹ in Crores)	2014	2013
Power Systems	26%	29%
Power Products	27%	26%
Discrete Automation and Motion	23%	22%
Low Voltage Products	9%	8%
Process Automation	15%	15%

Power Systems

Summarized performance:

(₹ in Crores)	2014	2013
Orders	2,075	1,279
Order backlog	3,358	3,469
Revenues	2,155	2,385
Results	115	94

The sector was characterized by a shift towards technology oriented solutions. The boost from large orders in 2014, surge in transmission business and robust exports contributed to the growth in orders. The continued policy of selective bidding with better risk-return profile and increased internal supply content helped in achieving improved margins with reduced risks. Enhanced focus on project management and collaboration with supply chain and marketing teams also reaped results. The segment achieved success in offering its engineered substation packages in line with the evolving needs of the customers. During the year, the segment also started manufacturing of Combiflex relays at the Bengaluru factory.

Major project orders booked during 2014:

- Turnkey 220/132/33 kV substation with GIS technology for strengthening the grid for Bihar Grid Corporation Limited
- Transmission Substation of 220/132 kV at Polpitiya and Padukaka Sri Lanka for CEB
- 400 kV GIS substation for PGCIL
- Electric balance of plant (eBoP) solution for 2x660 MW thermal power plant and 400 kV GIS substation for evacuating the power to the grid
- eBoP for 6/170 MW hydro power plant for Punatsangchhu-II Hydroelectric Project Authority
- ICE package of 130 MLD raw water treatment plant at Tanzania for VA Tech Wabag Ltd.
- eBOP for 10 MW solar photo voltaic (PV) canal top solar project for Megha Engineering and Infrastructure Ltd

Major orders successfully commissioned during 2014 included:

- 220 kV air insulated switchgear (AIS) substation at Paras for Maharashtra State Electricity Transmission Co. Ltd
- 230 kV air insulated switchgear (AIS) substation at Aminbazar and Meghnaghat for Power Grid Corporation of Bangladesh
- 220/132 kV substations at Hirakud for Hindalco
- 132/33 switchyard at Palaswadi Maharashtra for Tata Power Renewable Energy Ltd
- 400 kV GIS and eBOP of 600 MW thermal plant for Coastal Energen Pvt Ltd
- eBOP of 2x80 MW thermal project at Tuticorin for Sterlite
- Complete EPC for 5 MW solar PV project for Inetest a/c Varroc Engineering
- eBOP of 2x800 MW super critical thermal power at Krishnapatnam for Andhra Pradesh Power Generation Corporation

Segment outlook

The government's focus on providing access to electricity for all with reliable energy infrastructure and increasing share of renewable energy, augurs well for the segment. Opportunities in co-generation to substation automation, instrumentation control and engineering (ICE) packages for solar and water, and expansion in urban transportation are well aligned with the segment's offerings. Flexible AC transmission systems (FACTS) and static synchronous compensators (STACOMs), are areas of focus. The smart city pilot projects and envisaged green corridors are expected to expand the horizon of opportunities. Based on the above, while the overall outlook remains positive, it is largely dependent on implementation of reform measures and the pace of project execution.

Power Products

Summarized performance:

(₹ in Crores)	2014	2013
Orders	2,386	2,086
Order backlog	2,104	2,009
Revenues	2,325	2,130
Results	184	170

The power sector, which was earlier facing multiple issues, started to show signs of revival with the new government's reform measures in the later part of the year. The segment sustained and enhanced its leadership position. Competition and price pressure was offset by growth in exports, service, technology offerings and other cost optimization initiatives. As a significant landmark, the world's highest

rated voltage (1,200 kV) transformer and circuit breaker, designed in India, were commissioned at PGCIL's test station in Bina, this year. The segment also successfully manufactured and tested 400 kV HVDC transformers.

The new facility of GIS / PASS provided access to a growing segment with the commissioning of the first locally made 420 kV GIS. The segment also focused on enhancing local footprint to gain further inroads into the growing needs of the power sector.

Significant orders received:

- Power Grid Corporation of India Ltd. order for 765 kV shunt reactors
- NTPC order for 765 kV power transformers
- Reliance Industries order for Dahej / Hazira for transformers, high and medium voltage switchgear
- Techno Electric order for 400 kV/220 kV GIS and 500 MVA 400 kV 3-phase auto transformer

Major products and systems commissioned in 2014:

- 1200 kV circuit breaker at PGCIL's test station in Bina
- First locally manufactured 420 kV gas insulated switchgear
- 765 kV circuit breaker and current transformers at PGCIL Gwalior

Segment outlook

Various initiatives being ushered in by the government for the revival of the infrastructure sector are expected to give rise to more opportunities. However the key to faster growth is dependent on the pace of debottlenecking of various sectoral issues. In the given scenario, while the segment is preparing itself to gear up to cater to the changing needs of the market, the outlook remains that of renewed optimism.

Discrete Automation and Motion

Summarized performance:

(₹ in Crores)	2014	2013
Orders	1,924	1,887
Order backlog	1,560	1,530
Revenue	1,899	1,824
Results	128	125

Among the many challenges witnessed through the year, the pick-up in the index of industrial production (IIP) has not been steady or met expectations. This impacted the segment as it caters to multiple industries. The last three months of the year showed first signs of recovery in project announcements, but effect of the same would take some time to reflect in the order book.

During the year, the segment was able to sustain its market position across all its product baskets. The segment focused on all major OEM segments including automobile, HVAC, pumps and compressors, boiler machinery, food and beverages, solar and wind. Targeted efforts were made to widen the channel partner network, which grew to over 300 and contributed a significant portion to the segment revenues.

Major orders received across sectors included:

- Traction converters to Chittaranjan Locomotive Works
- High power drives, medium voltage drives, low voltage IEC motors, large AC machines to Reliance Industries Limited

- Wind power generators to Inox Wind Limited
- Robots to Mahindra and Mahindra Limited and Royal Enfield Limited
- Solar inverters to Welspun Energy Limited
- High power drives, large AC motors to Danielli India Limited

Segment outlook

Capacity expansions planned in major sectors like solar, railways, power generation and water projects continue to hold promise for the segment's product portfolio. However, low utilization of capacity in traditional sectors like steel, cement, aluminum, and paper point to a relatively slow growth in the near term. Investments in upstream facilities in the oil and gas sector appear uncertain on account of the oil price meltdown. However investments in the refining sector are likely to face less impact.

Looking ahead, the segment will continue to secure technology and market leadership position across all businesses. With an uncertain market outlook, the segment will remain focused on costs by enhancing localization efforts and differentiation to remain competitive.

Low Voltage Products

Summarized performance:

(₹ in Crores)	2014	2013
Orders	764	674
Order backlog	247	212
Revenue	737	677
Results	40	25

In 2014, significant efforts were made to create an attractive market for the segment's products and stabilize in the difficult economic conditions. The segment focused efforts on indigenization of products. Some of the new and localized product groups introduced included e4 in air circuit breakers, T4 – T5 MCCBs (molded case circuit breakers), Formula MCCB, localized Residual Current Circuit Breaker (RCCB, F200 and FH200 with BIS certification) and AX contactors. Extended penetration in the sectors like renewables, IT and data centers, railways, and the renewed focus on exports and services played a key role in offsetting the challenging economic and market conditions. In a bid to cover white-spots, the segment expanded its outreach beyond traditional channel partners to include retailers in 2014.

The segment received a significant order for low voltage systems for pulp and paper industry from ABB Singapore. Some of the other key orders were received from building automation, large contactors for solar industry, intelligent motor controller UMC100 for Orient Cement, and automation for soft starters for Danielli.

Segment outlook

Opportunities are likely to stem from renewables, energy efficiency solutions, premium commercial and residential buildings, and railways. Demand is expected to grow in solar and wind driven by government initiatives. The strategic thrust for the division continues to be on increased market coverage, localization initiatives, product range expansion and exports. A positive impact is expected from recent announcement of project clearances and the demand dynamics in housing sector. The overall outlook for the segment remains encouraging.

Process Automation

Summarized performance:

(₹ in Crores)	2014	2013
Orders	1,214	1,123
Order backlog	1,074	1,116
Revenue	1,245	1,248
Results	100	71

Core industries continued to experience a slower than expected growth. However, new opportunities in mining, exports and leveraging the installed base helped maintain order growth. The segment has been making concerted efforts towards de-risking the business and thus improved profitability. Substantial ventures into new export markets in South Asia and domestic oil and gas segment helped gain orders. Several operational and productivity improvement initiatives including enhancing project management capabilities and focused actions towards project closure undertaken over the years also yielded results.

Significant orders received in 2014 included:

- Electrics and automation for the blast furnace and sinter plant for the expansion of JSPL's plant at Angul
- Orders for analyser systems for the Jamnagar expansion project of Reliance Industries Ltd.
- Terminal automation system orders for various projects at IOCL
- Supplying new and rehabilitation of turbochargers to Diesel Modernization Works, Indian Railways, Punjab
- Supply, installation and commissioning of E-Houses for Enhanced Oil Recovery systems for Mangala Processing Terminal, Cairn India, Rajasthan
- First marine order for supply of locally made turbo chargers for Maersk Shipping Lines

Major orders that were successfully commissioned in 2014 included:

- Complete electrics, drives, instrumentation and automation for India's largest blast furnace, SAIL, Rourkela
- Control system upgrade for the largest operating cracker in India at EIL, Hazira
- Automation and electrics for the new billet caster at JSPL Angul

Segment outlook

Recently announced government initiatives are expected to bring manufacturing and productivity into focus. Sectors like oil and gas and mining have a positive outlook but may be impacted by global movement of commodity prices. The segment will also focus on sectors like pharmaceuticals, railways, food and beverage, and energy efficiency. Improving overall productivity and life extension of customer installations will continue to bring opportunities to enhance the service business. Continuing focus on expanding presence across the automation value chain is expected to help increase market penetration.

Finance

Through 2014, India's central bank did not ease interest rates thus maintaining tight liquidity in the market, resulting in higher cost of funds across the industry. The Company continued to arrange finance at competitive rates under these circumstances. Long term amicable partnerships with major banks and the Company's distinguished reputation helped avail and negotiated favorable terms for various

banking facilities. The interest cost of the Company was ₹ 105 crores compared to ₹ 101 crores in 2013. As of December 31, 2014, the Company's net borrowing was ₹ 137 crores. In terms of foreign currency exposure – for imports and exports – the Company continued to conservatively hedge at the point of commitment to protect the contract margins.

Human resources

The Company's human resources management strategies supported its business growth in a challenging economic environment. The strategic initiatives to recruit, integrate and retain a diverse workforce and build a competence-driven organization have helped the Company retain its leadership position.

During the year, the Company continued to invest in people development programs to build the pipeline for specific competencies in the area of technology. The focus this year was on establishing processes to strengthen core engineering and domain competencies. Special efforts made on internal mobility of resources provided employees with growth opportunities while helping retain talent.

The Company focused on making processes, policies and systems more employee-friendly, creating a trust based working culture. Efforts were made to improve workforce diversity and render a fair mix of generations, gender and abilities. These initiatives have enhanced the Company's reputation as preferred employer in the industry recognized by external forums.

Industrial relations continued to remain cordial in all the locations in the company. The Company had 6,165 permanent employees at the end of 2014, as against 6,371 in the previous year.

Internal control systems

The Company has in place effective systems and processes to ensure accurate, reliable and timely compilation of financial statements and management information reports. In addition, these processes also safeguard the Company's assets and interests, while ensuring compliance with policies, laws and regulations. A comprehensive budgetary control system at all rungs of our business aided management's periodic reviews of the Company's performance. Also during the year, the Company has further strengthened its control system in line with the recently announced regulatory changes.

For implementation of the internal control system, the Company has in place a well-defined organization structure with clear responsibilities and accountability, along with well documented internal guidelines for conducting business transactions. An independent internal audit department conducts regular audits to ensure adequacy of the internal control system and validates adherence to management instructions and compliance. The internal audit team also conducts reviews to ensure implementation of recommendations and suggestions. In the Company's efforts to improve its processes and further streamline operations, steps are being taken strengthen the project review process and ensure timely update of project cost estimates. The Audit Committee of the Board of Directors periodically reviews audit plans, observations and recommendations of internal and external auditors with reference to significant risk areas and adequacy of internal controls.

As per the requirement of the Sarbanes Oxley Act 2002 and Clause 49 of the listing agreement with the Stock Exchanges, the management has adequate internal control procedures over financial reporting.

CEO / CFO Certificate

To
The Board of Directors
ABB India Limited

We certify that;

1. We have reviewed financial statements and cash flow statement of ABB India Limited for the year ended December 31, 2014 and that to the best of our knowledge and belief;
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) 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.
2. To the best of our knowledge and belief, there are, no transactions entered into by the company during the year, which are fraudulent, illegal or violating the company's code of conduct.
3. 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.
4. We have indicated to the auditors and the audit committee that there are
 - (i) no significant changes in internal controls over financial reporting during the year;
 - (ii) no significant changes in the accounting policies during the year;
 - (iii) no instance 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 on financial reporting.

Bazmi R Husain
Chief Executive Officer
Managing Director

Amlan Datta Majumdar
Chief Financial Officer

Mumbai, February 10, 2015



Financial Statements

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Independent Auditors' Report

To the Members of ABB India Limited

Report on the Financial Statements

We have audited the accompanying financial statements of ABB India Limited ("the Company"), which comprise the balance sheet as at December 31, 2014 and the statement of profit and loss and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the balance sheet, of the state of affairs of the Company as at December 31, 2014;
- (b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The balance sheet, statement of profit and loss, and cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the balance sheet, the statement of profit and loss, and the cash flow statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs; and
 - (e) On the basis of written representations received from the directors as on December 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2014, from being appointed as a director in terms of sub-section (2) of section 164 of the Companies Act, 2013 (clause (g) of sub-section (1) of Section 274 of the erstwhile Companies Act, 1956).

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration Number: 101049W
Chartered Accountants

per Adarsh Ranka
Partner
Membership No.:209567

Mumbai, India
February 10, 2015

Annexure referred to in clause 1 of paragraph on Report on Other Legal and Regulatory Requirements of our report of even date

Re: ABB India limited ('the Company')

- | | |
|--|--|
| <p>(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.</p> <p>(c) There was no disposal of a substantial part of fixed assets during the year.</p> | <p>(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered. In evaluating the parties to be covered under Section 301, only contracts or arrangements up to 31 March 2014 (being the last day up to which this section was applicable to the Company) have been considered.</p> |
| <p>(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.</p> <p>(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.</p> <p>(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.</p> | <p>(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into up to the period of applicability of this section at prices which are reasonable having regard to the prevailing market prices at the relevant time.</p> |
| <p>(iii) (a) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.</p> <p>(b) According to the information and explanation given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.</p> | <p>(vi) The Company has not accepted any deposits from the public.</p> <p>(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.</p> <p>(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, for the period upto 31 March 2014, (the Companies Act, 1956 and relevant section has been replaced by the Companies Act, 2013 effective 1 April 2014), and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.</p> |
| <p>(iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special or propriety nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.</p> | <p>(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.</p> <p>(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.</p> <p>(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:</p> |

Name of 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	222.75	1996-2014	Additional Commissioner / Deputy Commissioner / Joint Commissioner of Commercial Taxes (Appeals) / Taxation Board
		104.88	1994-2013	High Court
		120.84	1994-2014	Sales Tax Appellate Tribunal
Customs Act, 1962	Tax, interest and penalty	0.23	2009-10 and 2012-13	Commissioner of Customs (Appeals)
		0.93	2008-2010	CESTAT
Central Excise Act, 1944	Tax, interest and penalty	137.84	2005-2014	Additional Commissioner / Assistant Commissioner / Deputy Commissioner (LTU) / Commissioner (Excise)
		0.01	2008-2009	CESTAT
Finance Act, 1994	Service Tax, interest and penalty	26.45	1997-2014	Assistant Commissioner of Service Tax (LTU), Additional Commissioner of Service Tax, Commissioner Appeal, Commissioner / Deputy Commissioner (LTU)
		6.75	2003-2008	CESTAT
Income Tax Act, 1961	Tax, interest and penalty	-	1997-98 and 2008-2010	Commissioner of Income Tax (Appeals)

* Net of ₹ 315.46 Crores paid under protest.

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or Companies covered in the register maintained under section 301 of the Companies Act, 1956 for the period up to 31 March 2014 (the Companies Act, 1956 and relevant section has been replaced by the Companies Act, 2013 effective 1 April 2014).
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration Number: 101049W
Chartered Accountants

per Adarsh Ranka
Partner
Membership No.: 209567

Mumbai, India
February 10, 2015

Balance Sheet

(₹ in Crores)

Balance sheet as at December 31, 2014	Notes	2014	2013
Equity and liabilities			
Shareholders' funds			
Share capital	3	42.38	42.38
Reserves and surplus	4	2,769.60	2,635.18
		2,811.98	2,677.56
Non-current liabilities			
Other long-term liabilities	6	4.51	4.17
Long-term provisions	7	37.44	18.11
		41.95	22.28
Current liabilities			
Short-term borrowings	33	371.07	620.11
Trade payables	5	1,984.02	2,082.58
Other current liabilities	6	1,297.70	1,395.95
Short-term provisions	7	314.93	251.05
		3,967.72	4,349.69
Total		6,821.65	7,049.53
Assets			
Non-current assets			
Fixed assets			
Tangible assets	8	1,284.02	1,268.02
Intangible assets	9	115.52	123.49
Capital work-in-progress		31.93	47.49
Non-current investments	10	16.39	16.47
Deferred tax assets (net)	11	15.23	27.93
Long-term loans and advances	12	401.53	350.89
Other non-current assets	13	7.48	8.30
		1,872.10	1,842.59
Current assets			
Current investments	10	0.08	0.08
Inventories	14	893.82	988.85
Trade receivables	15	3,157.52	3,235.72
Cash and bank balances	16	225.96	316.58
Short-term loans and advances	12	277.45	256.77
Other current assets	13	394.72	408.94
		4,949.55	5,206.94
Total		6,821.65	7,049.53

Significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm registration number: 101049W
Chartered Accountants

Per Adarsh Ranka
Partner
Membership No: 209567

Mumbai, February 10, 2015

For and on behalf of the Board

Frank Duggan	Chairman
Bazmi R Husain	Managing Director
Nasser Munjee	Director
Amlan Datta Majumdar	Chief Financial Officer
B. Gururaj	Company Secretary

Mumbai, February 10, 2015

Statement of Profit and Loss

		(₹ in Crores)	
For the year ended December 31, 2014	Notes	2014	2013
Revenue			
Revenue from operations (gross)		8,156.91	8,196.77
Less: Excise duty		423.64	474.78
Revenue from operations (net)	17	7,733.27	7,721.99
Other income	18	17.28	6.99
Total revenue		7,750.55	7,728.98
Expenses			
Cost of raw materials and components consumed and project bought outs	19	4,487.19	4,629.19
Purchase of traded goods	20	305.88	314.07
(Increase) / decrease in inventories of finished goods, work-in-progress and traded goods	21	43.98	(12.98)
Subcontracting charges		405.85	468.20
Employee benefit expenses	22	705.20	677.06
Finance costs	23	104.95	101.13
Depreciation and amortisation expense	24	112.81	103.31
Other expenses	25	1,229.48	1,176.53
Total expenses		7,395.34	7,456.51
Profit before tax		355.21	272.47
Tax Expenses			
Current tax [Including tax relating to earlier years - ₹ 4.66 Crores (Previous year - ₹ Nil)]		114.00	108.48
Deferred tax charge / (credit)		12.70	(12.90)
Total tax expenses		126.70	95.58
Profit after tax		228.51	176.89
Profit of Baldor Electric India Private Limited (Baldor) for the period April 1, 2012 to December 31, 2012 on amalgamation (refer note 27)		-	2.42
Profit for the year		228.51	179.31
Earnings per equity share on face value of share of ₹ 2 each, (December 31, 2013: ₹ 2 each)			
Basic	26	10.78	8.46
Diluted		10.78	8.46

Significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm registration number: 101049W
Chartered Accountants

Per Adarsh Ranka
Partner
Membership No: 209567

Mumbai, February 10, 2015

For and on behalf of the Board

Frank Duggan	Chairman
Bazmi R Husain	Managing Director
Nasser Munjee	Director
Amlan Datta Majumdar	Chief Financial Officer
B. Gururaj	Company Secretary

Mumbai, February 10, 2015

Cash Flow Statement

(₹ in Crores)

For the year ended December 31, 2014	2014	2013
A. Cash flow from operating activities		
Profit before tax	355.21	272.47
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation	112.81	103.31
Unrealised exchange loss / (gains) (net)	11.61	1.23
Loss / (profit) on sale of fixed assets (net)	3.49	4.05
Provision for doubtful debts and advances	35.52	37.91
Interest income	(14.25)	(6.99)
Interest expense	104.95	101.13
Operating profit before working capital changes	609.34	513.11
Movement in working capital		
Increase / (decrease) in trade payables and other current liabilities	(168.57)	131.19
Increase / (decrease) in provisions	63.50	21.59
Decrease / (increase) in trade receivables	57.70	26.45
Decrease / (increase) in inventories	95.03	(55.48)
Decrease / (increase) in loans and advances	(70.88)	(39.60)
Decrease / (increase) in other current assets	14.17	(58.03)
Cash generated from operations	600.29	539.23
Direct taxes paid (net of refunds)	(121.29)	(209.14)
Net cash flow from operating activities	479.00	330.09
B. Cash flow from investing activities		
Purchase of fixed assets	(110.50)	(222.45)
Proceeds from sale of fixed assets	3.57	0.78
Payment towards acquisition of businesses	(55.93)	(5.02)
Proceeds from maturity of investments	0.08	0.08
Interest received	14.30	6.81
Redemption of deposits (with maturity more than three months)	0.82	0.15
Net cash flow used in investing activities	(147.66)	(219.65)
C. Cash flow from financing activities		
Proceeds from short-term borrowings	15,682.79	23,553.91
Repayment of short-term borrowings	(15,931.83)	(23,261.48)
Interest paid	(98.69)	(98.94)
Dividend (including dividend distribution tax) paid	(74.38)	(74.37)
Net cash flow from / (used in) financing activities	(422.11)	119.12
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(90.77)	229.56
Cash and cash equivalents (opening balance)	314.88	85.32
Cash and cash equivalents (closing balance)	224.11	314.88
Components of cash and cash equivalents		
Cash and bank balances	225.96	316.58
Less: Unpaid dividend account	1.85	1.70
	224.11	314.88

Note:

- 1) Cash and cash equivalents at the end of the year represents cash and cheques on hand 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

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm registration number: 101049W
Chartered Accountants

Per Adarsh Ranka
Partner
Membership No: 209567

Mumbai, February 10, 2015

For and on behalf of the Board

Frank Duggan	Chairman
Bazmi R Husain	Managing Director
Nasser Munjee	Director
Amlan Datta Majumdar	Chief Financial Officer
B. Gururaj	Company Secretary

Mumbai, February 10, 2015

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.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared to comply in all material respects with the accounting standards notified by Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956, read with General Circular 08/2014 dated April 04, 2014 issued by the Ministry of Corporate Affairs. The financial statements have been prepared under the historical cost convention on an accrual basis except for certain derivative instruments which are measured at fair value in accordance with the accounting principles generally accepted in India. The accounting policies have been consistently applied and are consistent with those used in the previous year.

2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements and reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

2.3 Tangible and intangible assets

Fixed assets are stated at the cost of acquisition, less accumulated depreciation / amortisation and accumulated impairment losses, if any. Cost of fixed assets comprises purchase price, duties, levies and any directly attributable cost of bringing the asset to its working condition for the intended use. Own manufactured assets are capitalized at cost including an appropriate share of overheads. Borrowing costs related to the acquisition or construction of the qualifying fixed assets for the period up to the completion of their acquisition or construction are capitalized, if capitalization criteria are met. Cost of fixed assets not ready for their intended use before balance sheet date are disclosed under capital work in progress.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss account when the asset is derecognized.

Capitalized software includes costs on Enterprise Resource Planning (ERP) Project and other costs relating to software, which provide significant future economic benefits. ERP Project costs comprise license fees and cost of system integration services. All costs relating to upgradations / enhancements are generally charged off as revenue expenditure unless they bring significant additional benefits of lasting nature.

2.4 Depreciation / amortization

Depreciation on assets (except those described below) is provided on the straight-line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956, which management considers as being representative of the useful economic lives of such assets. Depreciation is provided from the date of capitalization till the date of sale of assets.

The following assets are depreciated / amortized on the straight line method over a period of their estimated useful lives:

- Leasehold land and leasehold improvements over the period of the lease.
- Technical know-how fees over the period of three to six years.
- Capitalized software costs over a period of five years.

Goodwill on business acquisition is not amortized but tested for impairment.

Assets individually costing ₹ 5,000 or less are depreciated fully in the year of purchase.

2.5 Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the assets. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

2.6 Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

2.7 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. Excise duty is included in the value of finished goods inventory.

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 estimated costs necessary to make the sale.

2.8 Retirement and other employee benefits

Contribution to Superannuation Fund, a defined contribution scheme, 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.

Contributions to the recognized Provident Fund / Gratuity Fund, defined benefits scheme, and provision for other long term employee benefits - leave are made on the basis of actuarial valuations using the projected unit credit method made at the end of each financial year and are charged to the statement of profit and loss during the year.

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.

Actuarial gains / losses are immediately taken to the statement of profit and loss and are not deferred.

Expenses incurred towards voluntary retirement scheme are charged to the statement of profit and loss immediately.

2.9 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.

- Sales of products and services are recognized when significant risks and rewards of ownership of products are passed on to customers or when the service has been provided. In case of large transformers, revenue is recognized on achievement of contractual milestone. Revenue recognized in excess of billing has been reflected under "Other Current Assets" as Unbilled Revenue. Net sales are stated at contractual realisable values, net of excise duty, sales tax, service tax, value added tax and trade discounts.
- 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 Current 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.
- Commission income is recognized as per contract terms.
- Income from development services are recognized on rendering of service as per contract terms.
- Dividend income is recognized when the right to receive dividend is established.
- Interest income is recognized on a time proportion method.

2.10 Provisions, contingent liabilities and contingent assets

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical evaluation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Disclosures for contingent liability are made when there is a possible or present obligation for which it is not probable that there will be an outflow of resources. When there is a possible or present obligation in respect of which the likelihood of outflow of resources is remote, no disclosure is made.

Contingent assets are neither recognized nor disclosed in the financial statements.

2.11 Foreign currency transactions

Foreign currency transactions are recorded by applying the daily exchange rates. Exchange differences arising on foreign currency transactions settled during the year are recognized in the statement of profit and loss for the year.

All foreign currency denominated monetary assets and liabilities are translated at the exchange rates prevailing on the balance sheet date. The resultant exchange differences are recognized in the statement of profit and loss for the year.

The Company uses derivative financial instruments such as forward exchange contracts to hedge its risks associated with foreign currency fluctuations.

Gain or loss on restatement of forward exchange contracts for hedging underlying outstandings at the balance sheet date are recognized in the statement of profit and loss for the year in which it occurs. The premium or discount on such contracts is recognized in the statement of profit and loss over the period of the contract.

Gain or loss on fair valuation of forward exchange contracts for hedging highly probable forecasted transactions not covered under Accounting Standard (AS) 11 "The effect of changes in foreign exchange rates" are recognized in the statement of profit and loss for the year in which it occurs.

The Company does not follow hedge accounting.

2.12 Taxation

Tax expense comprises current tax and deferred tax.

The current charge for income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act including probable adjustments, if any, for international transactions with associated enterprises.

The deferred tax for timing differences between the book and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that the assets can be realised in future. Deferred tax assets are reviewed at each balance sheet date for its realisability. The Company writes-down the carrying amount of deferred tax assets to the extent it is no longer reasonably certain of its realisation.

2.13 Operating leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

2.14 Operating cycle

A portion of the Company's activities (primarily long-term construction 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.

	2014		2013	
	Number	₹ in Crores	Number	₹ in Crores
3 Share capital				
Authorised share capital				
Equity shares of ₹ 2/- each	21,25,00,000	42.50	21,25,00,000	42.50
11% Redeemable 10 years, cumulative preference shares of ₹ 100/- each	7,50,000	7.50	7,50,000	7.50
		50.00		50.00
Issued, subscribed and fully paid up				
Equity shares of ₹ 2/- each	21,19,08,375	42.38	21,19,08,375	42.38
		42.38		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 pay dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended December 31, 2014, the amount of per share dividend recommended and provided for distribution to equity shareholders is ₹ 3.70 (December 31, 2013: ₹ 3.00)

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.

b) Shares held by holding / ultimate holding company and / or their subsidiaries / associates

	Number	₹ in Crores	Number	₹ in Crores
Equity shares of ₹ 2/- each				
ABB Asea Brown Boveri Limited - the holding company	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
	15,89,31,281	31.79	15,89,31,281	31.79

c) Details of shareholders holding more than 5% of the shares in the Company

	Number	% of holding	Number	% of holding
Equity shares of ₹ 2/- each				
ABB Asea Brown Boveri Limited - the holding company	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
Life Insurance Corporation of India	1,80,07,799	8.50	1,99,05,394	9.39

As per records of the Company and other declarations received from shareholders, the above shareholding represents both legal and beneficial ownerships of shares.

d) There is no movement in the share capital during the current and previous year.

	(₹ in Crores)	
	2014	2013
4 Reserves and surplus		
Capital reserve	1.10	1.10
Capital redemption reserve	7.50	7.50
Securities premium account		
Balance as per last financial statements	60.00	59.40
Add : Transfer from Baldor on amalgamation as at April 1, 2012	-	0.60
Balance at the end of the year	60.00	60.00
General reserve		
Balance as per last financial statements	2,477.10	2,402.63
Add: Transferred from surplus in the statement of profit and loss	120.00	100.00
Add: Transfer of profit and loss balance of Baldor on amalgamation as at April 1, 2012	-	8.44
Less: Excess of Company's cost of acquisition of equity shares and preference shares of Baldor, which have been cancelled on amalgamation, over the par value of such shares	-	(33.97)
Balance at the end of the year	2,597.10	2,477.10
Surplus in the statement of profit and loss		
Balance as per last financial statements	89.48	85.04
Profit for the year	228.51	179.31
Less: Appropriations		
Proposed equity dividend	78.41	63.57
Tax on proposed equity dividend	15.68	10.81
Dividend distribution tax for previous year	-	0.49
Transfer to general reserve	120.00	100.00
Total appropriations	214.09	174.87
Net surplus in the statement of profit and loss	103.90	89.48
Total reserves and surplus	2,769.60	2,635.18

	(₹ in Crores)	
	Current	
	2014	2013
5 Trade payables		
Acceptances	498.52	420.06
Dues to micro and small enterprises (refer note below)	150.42	118.57
Other trade payables	1,335.08	1,543.95
	1,984.02	2,082.58
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, 2014		
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at December 31, 2014		
Principal amount	141.91	116.32
Interest	0.22	0.06
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, 2014		
Principal amount	-	-
Interest	-	-
iii) The amount of interest due and payable for the period of delay in making payment (beyond the appointed day during the year)	6.10	2.19
iv) The amount of interest accrued and remaining unpaid for the year ending December 31, 2014	6.32	2.25
v) The amount of further interest remaining due and payable for the earlier years.	2.19	-

(₹ in Crores)

	Non-current		Current	
	2014	2013	2014	2013
6 Other liabilities				
Consideration payable for the businesses acquired	-	-	-	55.93
Investor education and protection fund shall be credited for unclaimed dividends amount when due	-	-	1.85	1.70
Billing in excess of contract revenue	-	-	246.09	273.42
Advances from customers	-	-	690.30	731.83
Mark to market loss on derivatives	-	-	12.12	3.61
Employee related payables	-	-	96.50	96.32
Security deposit received	4.51	4.17	0.08	0.09
Statutory dues payable	-	-	20.66	11.12
Other payables	-	-	230.10	221.93
	4.51	4.17	1,297.70	1,395.95

	Long-term		Short-term	
	2014	2013	2014	2013
7 Provisions				
Provisions for employee benefits				
Gratuity (refer note 46)	-	-	8.71	1.32
Leave benefits	-	-	31.38	22.05
Other provisions				
Proposed dividend to equity shareholders	-	-	78.41	63.57
Tax on proposed equity dividend	-	-	15.68	10.81
Warranties (refer note 42)	-	-	125.33	123.21
Litigations (refer note 42)	11.98	5.71	-	-
Sales tax (refer note 42)	25.46	12.40	55.42	30.09
	37.44	18.11	314.93	251.05

8 Tangible assets

(₹ in Crores)										
Gross block	Freehold Land	Leasehold Land	Leasehold Improvements	Factory Buildings	Other Buildings	Plant and Equipment	Office Equipments	Furniture and Fixtures	Vehicles	Total
Balance as at January 01, 2013	67.29	23.43	24.22	287.44	62.64	883.03	27.79	48.71	2.12	1,426.67
Additions	-	-	4.38	49.33	1.89	217.40	3.18	5.89	0.09	282.16
Acquisition on amalgamation	-	-	-	-	-	0.43	0.06	0.10	-	0.59
Disposals	-	-	-	(0.54)	(0.01)	(9.54)	(0.20)	(0.47)	(0.77)	(11.53)
Balance as at December 31, 2013	67.29	23.43	28.60	336.23	64.52	1,091.32	30.83	54.23	1.44	1,697.89
Additions	-	-	10.50	13.55	3.10	83.18	3.17	6.16	0.02	119.68
Disposals	-	-	(2.55)	(1.74)	(0.07)	(10.25)	(1.10)	(1.46)	-	(17.17)
Balance as at December 31, 2014	67.29	23.43	36.55	348.04	67.55	1,164.25	32.90	58.93	1.46	1,800.40
Accumulated depreciation										
Balance as at January 01, 2013	-	1.20	9.64	44.32	7.81	257.94	10.25	16.10	1.35	348.61
Charge for the year	-	0.33	2.88	9.86	1.14	67.96	1.88	3.36	0.30	87.71
Acquisition on amalgamation	-	-	-	-	-	0.20	0.02	0.03	-	0.25
Reversal on disposal of assets	-	-	-	(0.04)	(0.01)	(5.77)	(0.12)	(0.36)	(0.40)	(6.70)
Balance as at December 31, 2013	-	1.53	12.52	54.14	8.94	320.33	12.03	19.13	1.25	429.87
Charge for the year	-	0.33	3.58	11.46	1.14	73.74	1.76	4.53	0.08	96.62
Reversal on disposal of assets	-	-	(2.05)	(0.66)	(0.01)	(6.01)	(0.64)	(0.74)	-	(10.11)
Balance as at December 31, 2014	-	1.86	14.05	64.94	10.07	388.06	13.15	22.92	1.33	516.38
Net block										
Balance as at December 31, 2013	67.29	21.90	16.08	282.09	55.58	770.99	18.80	35.10	0.19	1,268.02
Balance as at December 31, 2014	67.29	21.57	22.50	283.10	57.48	776.19	19.75	36.01	0.13	1,284.02

Notes:

- a) Other buildings include cost of shares in Lotus Court Private Limited ₹ 0.01 crores (December 31, 2013 - ₹ 0.01 crores).
- b) Certain land and building amounting to ₹ 6.66 crores (December 31, 2013 - ₹ 6.66 crores) is in the process of being registered in the name of the Company.
- c) There are no tangible assets given on operating lease.

9 Intangible assets

(₹ in Crores)				
Gross block	Goodwill	Technical Know-how fees	Capitalised Software	Total
Balance as at January 01, 2013	52.26	100.10	6.59	158.95
Additions	-	8.30	1.51	9.81
Disposals	-	(2.86)	(1.06)	(3.92)
Balance as at December 31, 2013	52.26	105.54	7.04	164.84
Additions	-	6.57	1.65	8.22
Disposals	-	(0.18)	(1.44)	(1.62)
Balance as at December 31, 2014	52.26	111.93	7.25	171.44
Accumulated amortisation				
Balance as at January 01, 2013	0.29	26.02	3.36	29.67
Charge for the year	-	14.28	1.32	15.60
Reversal on disposal of assets	-	(2.86)	(1.06)	(3.92)
Balance as at December 31, 2013	0.29	37.44	3.62	41.35
Charge for the year	-	14.96	1.23	16.19
Reversal on disposal of assets	-	(0.18)	(1.44)	(1.62)
Balance as at December 31, 2014	0.29	52.22	3.41	55.92
Net block				
Balance as at December 31, 2013	51.97	68.10	3.42	123.49
Balance as at December 31, 2014	51.97	59.71	3.84	115.52

(₹ in Crores)				
	Non-current		Current	
	2014	2013	2014	2013
10 Investments				
Non-trade investments (valued at cost)				
Quoted:-				
15,00,000 (December 31, 2013: 15,00,000) 6.25%, 2018 Government of India Bonds of ₹ 100 each.	15.96	15.96	-	-
Unquoted:-				
1,000 (December 31, 2013: 1,000) Equity shares of ₹ 25 each fully paid up in Co-operative Bank of Baroda	0.01	0.01	-	-
10 (December 31, 2013: 10) 5.95%, 15 years Non-cumulative bonds of Karnataka Water & Sanitation Pooled Fund Trust of ₹ 500,000 (December 31, 2013: ₹ 583,333) each.	0.42	0.50	0.08	0.08
	16.39	16.47	0.08	0.08
Aggregate amount of Quoted investments [Market Value: ₹ 14.34 crores, (December 31, 2013: ₹ 13.81 crores)]	15.96	15.96	-	-
Unquoted investments	0.43	0.51	0.08	0.08

(₹ in Crores)

	2014	2013
11. Deferred tax assets (net)		
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	152.32	138.42
Gross deferred tax liability	152.32	138.42
Deferred tax assets		
Provision for doubtful debts and advances	145.68	133.60
Expenditure debited to the statement of profit and loss but allowable for tax purpose in following years	19.01	28.42
Others	2.86	4.33
Gross deferred tax assets	167.55	166.35
Deferred tax assets (net)	15.23	27.93

(₹ in Crores)

	Non-current		Current	
	2014	2013	2014	2013
12. Loans and advances				
Capital advances				
Unsecured, considered good	6.33	8.17	-	-
Security deposits				
Unsecured, considered good	26.97	26.05	7.98	8.17
Advances to related parties (refer note 40)				
Unsecured, considered good	-	-	4.17	8.12
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	46.71	39.19
Considered doubtful	4.39	4.33	-	-
	4.39	4.33	46.71	39.19
Less: Provision for doubtful advances	4.39	4.33	-	-
	-	-	46.71	39.19
Other loans and advances				
Unsecured, considered good				
Advance income-tax (net of provision for tax ₹ 1,788.25 crores, December 31, 2013: ₹ 1,774.42 crores)	197.25	189.96	-	-
Prepaid expenses	-	-	7.83	6.61
Loans to employees	-	-	5.47	5.34
Balances with statutory / government authorities	-	-	75.03	70.70
Taxes and duties recoverable				
Considered good	170.98	126.71	130.26	118.64
Considered doubtful	5.00	-	-	-
	175.98	126.71	130.26	118.64
Less: Provision for doubtful advances	5.00	-	-	-
	170.98	126.71	130.26	118.64
	368.23	316.67	218.59	201.29
	401.53	350.89	277.45	256.77

Taxes and duties recoverable includes amount paid under protest.

(₹ in Crores)

	Non-current		Current	
	2014	2013	2014	2013
13 Other assets				
Unsecured, considered good unless stated otherwise				
Non current bank balances (refer note 16)	7.48	8.30	-	-
Contract revenue in excess of billing / unbilled revenue	-	-	368.26	351.58
Interest accrued on fixed deposits	-	-	0.28	0.32
Interest accrued on investments	-	-	0.48	0.49
Other receivables	-	-	25.70	56.55
	7.48	8.30	394.72	408.94

(₹ in Crores)

	2014	2013
14 Inventories (valued at lower of cost and net realisable value)		
Raw materials and components (including goods-in-transit of ₹ 55.83 crores, December 31, 2013: ₹ 71.55 crores) (refer note 19)	522.56	573.72
Work-in-progress (refer note 21)	289.68	295.67
Finished goods (refer note 21)	65.22	100.83
Traded goods (refer note 21)	13.97	16.35
Stores and spares	2.39	2.28
	893.82	988.85

(₹ in Crores)

	Non-current		Current	
	2014	2013	2014	2013
15 Trade receivables				
Unsecured				
Outstanding for a period exceeding six months from the date they are due for payment				
Considered good	-	-	234.37	241.06
Considered doubtful	283.76	263.70	-	-
	283.76	263.70	234.37	241.06
Less: Provision for doubtful receivables	283.76	263.70	-	-
	-	-	234.37	241.06
Other receivables				
Considered good	-	-	2,923.15	2,994.66
Considered doubtful	-	-	135.44	125.04
	-	-	3,058.59	3,119.70
Less: Provision for doubtful receivables	-	-	135.44	125.04
	-	-	2,923.15	2,994.66
	-	-	3,157.52	3,235.72
Trade receivables include:				
Dues from ABB Global Industries and Services Limited, in which the Company's Managing Director is a director.	-	-	5.07	2.38
Dues from Lafarge India Private Limited in which one of the Company's Director is a director	-	-	0.13	0.51

(₹ in Crores)

	Non-current		Current	
	2014	2013	2014	2013
16 Cash and bank balances				
Cash and cash equivalents				
Balances with banks				
- On current accounts	-	-	51.93	169.15
- Deposit accounts (Original maturity upto 3 months)	-	-	-	0.10
Cheques / drafts on hand	-	-	172.13	145.62
Cash on hand	-	-	-	0.01
	-	-	224.06	314.88
Other bank balances				
Unpaid dividend account	-	-	1.85	1.70
Deposit account (Original maturity more than 12 months)	0.14	0.84	0.05	-
Margin money deposit	7.34	7.46	-	-
	7.48	8.30	1.90	1.70
	7.48	8.30	225.96	316.58

(₹ in Crores)

	2014	2013
17 Revenue from operations (net)		
Sale of products and services		
Sale of products	7,133.33	7,073.98
Sale of services	497.32	557.64
	7,630.65	7,631.62
Other operating revenues		
Scrap sales	22.85	25.42
Commission income	2.99	4.15
Income from development services	46.71	39.75
Miscellaneous income	30.07	21.05
	102.62	90.37
Revenue from operations (net)	7,733.27	7,721.99
Detail of sale of products and services		
(i) Sale of products		
Switchgear of all types	1,929.35	1,664.05
Transformers	456.50	500.65
Electronic control and supply units for variable speed drives and other applications	900.77	891.63
Motors and other machines	673.67	660.60
Others	3,173.04	3,357.05
	7,133.33	7,073.98
(ii) Sale of services		
Erection, commissioning and other engineering services	497.32	557.64
	497.32	557.64
	7,630.65	7,631.62

The above includes revenue from construction contracts (refer note 39)

(₹ in Crores)

	2014	2013
18 Other income		
Interest income from deposits with bank	0.86	1.03
Interest income from long-term investments	0.97	0.97
Interest income - others	12.42	4.99
Liability no longer required written back	3.03	-
	17.28	6.99
19 Cost of raw materials and components consumed and project bought outs		
Opening stock	573.72	531.18
Add: Purchases during the year	4,436.03	4,671.73
Less: Closing stock	522.56	573.72
	4,487.19	4,629.19
Details of raw materials and components consumed and project bought outs		
Electrical motors, generators, drives, components and equipments	614.88	770.39
Protecting and control elements	265.63	425.75
Sheet metal components, casting and forgings	193.52	261.32
Non ferrous metals and alloys	216.51	249.41
Power converters	261.41	264.89
Electronic components and equipments	259.67	225.02
Wires, cables and conductors	202.59	254.20
Ferrous metals and alloys	101.07	110.55
Others	2,371.91	2,067.66
	4,487.19	4,629.19
The above amount includes project bought outs of ₹ 1,224.38 crores (December 31, 2013 - ₹ 1,449.84 Crores)		
Details of inventory		
Raw materials and components		
Protecting and control elements	74.69	113.52
Electrical motors, generators, drives, components and equipments	64.35	87.91
Electronic components and equipments	54.96	63.25
Mechanical components	36.36	46.29
Power converters	35.55	37.76
Non-ferrous metals and alloys	17.77	30.39
Others	238.88	194.60
	522.56	573.72
20 Purchase of traded goods		
Motors and other machines	57.74	65.56
Power inverters	16.46	5.92
Transformers	14.85	26.94
Switchgears	6.11	0.83
Others	210.72	214.82
	305.88	314.07

(₹ in Crores)

	2014	2013
21 (Increase) / decrease in inventories of finished goods, work-in-progress and traded goods		
Opening stock		
- Finished goods	100.83	102.36
- Work-in-progress	295.67	282.97
- Traded goods	16.35	14.54
	412.85	399.87
Closing stock		
- Finished goods	65.22	100.83
- Work-in-progress	289.68	295.67
- Traded goods	13.97	16.35
	368.87	412.85
	43.98	(12.98)
Details of inventory of finished goods, work-in-progress and traded goods		
Finished goods		
Motors and other machines	8.59	33.55
LV switchgear products	17.49	27.43
Transformers	2.96	3.37
MV switchgear products	2.47	12.42
Others	33.71	24.06
	65.22	100.83
Work-in-progress		
Transformers	82.86	80.37
MV switchgear products	12.71	12.42
Motors and other machines	28.24	13.19
Variable speed AC / DC Drive system and other applications	25.86	27.16
LV switchgear products	16.98	20.74
Others	123.03	141.79
	289.68	295.67
Traded goods		
Motors and other machines	13.91	16.26
Others	0.06	0.09
	13.97	16.35
22 Employee benefit expense		
Salaries, wages and bonus	602.41	589.35
Gratuity (refer note 46)	18.32	4.68
Contribution to provident funds and other funds	39.40	37.06
Staff welfare expenses	35.14	29.25
Training, recruitment and transfer expenses	9.93	16.72
	705.20	677.06
23 Finance costs		
Interest expenses	96.04	93.73
Bill discounting and other charges	8.91	7.40
	104.95	101.13

(₹ in Crores)

	2014	2013
24 Depreciation and amortisation expense		
Depreciation of tangible assets	96.62	87.71
Amortisation of intangible assets	16.19	15.60
	112.81	103.31
25 Other expenses		
Consumption of stores and spares	28.67	25.40
Packing expenses	27.09	27.01
Royalty and technology fees	215.37	206.89
Freight and forwarding	86.08	92.20
Postage and telephone	9.79	9.85
Commission (other than sole selling agent)	8.78	6.73
Discounts	3.28	2.99
Power and fuel	57.93	56.55
Travelling and conveyance	113.25	104.41
Insurance	10.65	11.34
Rates and taxes	44.15	17.54
Rent	44.80	37.71
Repairs :		
Buildings	4.37	2.80
Plant and machinery	22.88	20.66
Others	6.48	4.84
Provision for doubtful debts and advances	35.52	37.91
Bad debts / advances written off	10.72	19.17
Loss on sale of fixed assets (net)	3.49	4.05
Printing and stationery	6.90	6.01
Bank charges	17.09	14.92
Legal and professional	29.59	32.41
Auditor's remuneration (refer note below)	2.50	2.31
Trade-mark fees	60.80	59.88
Information technology expenses	97.73	93.42
Exchange rate difference - loss (net)	43.46	24.76
Director's fees and commission	0.68	0.93
Services from third parties	73.32	62.50
Testing and inspection charges	19.80	13.56
Miscellaneous	144.31	177.78
	1,229.48	1,176.53
Auditor's remuneration (excluding service tax)		
As auditor:		
Audit fee	1.02	1.02
Tax audit fee	0.26	0.26
Limited review	0.39	0.39
In other capacity:		
Sox and group reporting fees	0.50	0.50
Certifications	0.24	0.06
Others	0.06	0.04
Reimbursement of expenses	0.03	0.04
	2.50	2.31
26 Earning per share (EPS)		
a) Profit for the year	228.51	179.31
b) Weighted average number of shares for calculation of EPS	211,908,375	211,908,375
c) Nominal value of shares (in ₹)	2.00	2.00
d) Earnings per share - Basic and diluted (in ₹)	10.78	8.46

27. Amalgamation

- a) The Hon'ble High Court of Bombay vide its Order dated September 27, 2013 had sanctioned the Scheme of Amalgamation of Baldor Electric India Private Limited (Baldor), a wholly owned subsidiary, with ABB India Limited (the Company). The Scheme become effective on November 1, 2013 with appointed date being April 1, 2012. The excess of the Company's cost of acquisition of equity and preference shares in the Baldor over the par value of the equity and preference shares cancelled, was adjusted in the books of the Company out of the amount available in the General Reserve account as on December 31, 2011. The amount adjusted was ₹ 33.97 crores.
- b) Net profit of ₹ 2.42 crores of Baldor from the appointed date i.e, April 1, 2012 to December 31, 2012 of the earlier financial year had been disclosed separately in the previous year statement of profit and loss.

28. Segment reporting

A) Primary segment reporting (by business segments)

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.

Power Systems segment (PS) offers turnkey systems and services for transmission and distributions for power grid and power plants. The segment offers the instrumentation, control and the entire balance of power plants, which improve performance and energy efficiency through flexible alternating current transmission systems, high voltage direct current systems, network management systems and utility communications.

Power Products segment (PP) manufactures, engineers, supplies key components to transmit and distribute electricity, improving power supply and energy efficiency. The segment produces transformers, high and medium voltage switchgears, circuit breakers, capacitors, distribution relays, insulation paper and paper board components etc.

Process Automation segment (PA) provides customers with integrated solutions for control, plant optimization and industry specific application knowledge. The industries served include oil and gas, power, chemicals and pharmaceuticals, pulps and paper, metals and minerals, marine and turbo charging.

Discrete Automation and Motion segment (DM) provides products, with related services, that are used as components in machinery and automation systems. The segment covers a wide range of products and services including power electronics systems, motors and generators, drives, robots etc.

Low Voltage Products segment (LP) manufactures products and systems that provide protection, control and measurement for electrical installations, enclosures, switchboards, electronics and electromechanical devices for industrial machines, plants and related service.

- 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) Figures in brackets are in respect of the previous year.

vi) Segment revenues, results and other information

(₹ in Crores)

	Power Systems	Power Products	Process Automation	Discrete Automation and Motion	Low Voltage Products	Total
External sales (net of excise duty)	2,139.20 (2,366.38)	1,780.97 (1,717.92)	1,213.54 (1,222.89)	1,818.93 (1,696.61)	651.27 (599.82)	7,603.91 (7,603.62)
Inter segment sales	10.29 (12.89)	488.61 (361.87)	29.88 (22.36)	71.64 (120.07)	79.07 (67.88)	679.49 (585.07)
Other operating revenue	5.91 (5.78)	55.88 (50.65)	1.55 (2.77)	8.05 (6.97)	6.95 (9.16)	78.34 (75.33)
Segment revenues	2,155.40 (2,385.05)	2,325.46 (2,130.44)	1,244.97 (1,248.02)	1,898.62 (1,823.65)	737.29 (676.86)	8,361.74 (8,264.02)
Segment results	115.25 (93.87)	183.79 (170.14)	99.61 (71.12)	128.42 (125.24)	39.89 (25.28)	566.96 (485.65)
Segment assets	2,027.33 (1,984.71)	1,625.77 (1,596.91)	841.39 (957.87)	1,066.53 (971.21)	477.35 (464.51)	6,038.37 (5,975.21)
Segment liabilities	1,195.74 (1,377.26)	818.93 (752.59)	533.90 (580.56)	712.09 (678.64)	203.90 (185.32)	3,464.56 (3,574.37)
Capital expenditure	1.81 (2.95)	38.23 (105.34)	3.13 (6.34)	15.28 (26.04)	20.87 (34.47)	79.32 (175.14)
Depreciation / amortisation	2.02 (1.93)	51.92 (48.41)	2.81 (2.56)	15.53 (14.64)	17.00 (15.22)	89.28 (82.76)

vii) Reconciliation of reportable segments with the financial statements

(₹ in Crores)

	Revenues	Results / Net profit	Capital expenditure	Assets	Liabilities
Total segments	8,361.74 (8,264.02)	566.96 (485.65)	79.32 (175.14)	6,038.37 (5,975.21)	3,464.56 (3,574.37)
Corporate - unallocated (net)	68.30 (50.03)	-106.80 (-112.05)	31.18 (47.31)	783.28 (1,074.32)	545.11 (797.60)
Inter segment sales	-679.49 (-585.07)	- (-)	- (-)	- (-)	- (-)
Interest expense	- (-)	-104.95 (-101.13)	- (-)	- (-)	- (-)
Provision for tax	- (-)	-126.70 (-95.58)	- (-)	- (-)	- (-)
Profit of Baldor for the period April 1, 2012 to December 31, 2012	- (-)	- (2.42)	- (-)	- (-)	- (-)
As per financial statements	7,750.55 (7,728.98)	228.51 (179.31)	110.50 (222.45)	6,821.65 (7,049.53)	4,009.67 (4,371.97)

B) Secondary segment reporting (by geographical segments)

Secondary segment disclosures are reported on the basis of geographical location of customers and assets.

	(₹ in Crores)		
	India	Rest of world	Total
Segment revenues	6,445.07	1,305.48	7,750.55
	(6,691.74)	(1,037.24)	(7,728.98)
Segment assets	6,448.45	373.20	6,821.65
	(6,615.50)	(434.03)	(7,049.53)
Segment capital expenditure	110.50	-	110.50
	(222.45)	(-)	(222.45)

(₹ in Crores)		
As at December 31,	2014	2013
29. Contingent liabilities		
i) Excise duty / service tax and sales tax liabilities in dispute	674.12	384.83
ii) Custom duty liabilities in dispute	2.07	16.14
iii) Claims against the Company not acknowledged as debts	8.85	8.85
iv) Income tax matters in dispute	44.27	210.70

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 Crores)		
	2014	2013
30. Estimated amount of contracts remaining to be executed on account of capital and other commitments and not provided for (net of advances)	36.37	43.58

- 31.** The Company has taken several premises and vehicles under cancelable and non-cancelable 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 cancelable and non-cancelable operating lease charged to the statement of profit and loss amounts to ₹ 44.80 crores (Previous Year ₹ 37.71 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-cancelable operating leases are as follows:

(₹ in Crores)		
	2014	2013
Within one year	13.44	7.98
After one year but not more than five years	33.66	28.95
More than five years	-	-
	47.10	36.93

- 32.** Excise duty on sales amounting to ₹ 423.64 crores (December 31, 2013: ₹ 474.78 crores) has been reduced from sales in the statement of profit and loss. Excise duty reversal on decrease in inventory of finished goods amounting to ₹ 3.10 crores (December 31, 2013: ₹ 2.43 crores) has been accounted in the statement of profit and loss under the head "(Increase) / decrease in inventories of finished goods, work-in-progress and traded goods.

- 33.** Short term borrowings represent unsecured short term loan and overdraft facility from banks. The same is repayable on demand and carries interest @9% to 11% p.a.

	(₹ in Crores)	
For the year ended December 31,	2014	2013
34. Earnings in foreign currency		
(on accrual basis)		
i) Export of goods on FOB basis	1,118.17	939.36
ii) Goods supplied / services rendered locally against foreign exchange remittances	56.91	108.19
iii) Erection & other services	84.79	83.84
iv) Other income:		
a) Commission	2.99	4.15
b) Development services and others	56.86	45.41
	1,319.72	1,180.95

35. Consumption of raw materials, components, stores and spares

	(₹ in Crores)			
	2014		2013	
	%	Amount	%	Amount
Imported	51.24	1,686.45	50.51	1,618.60
Indigenously acquired	48.76	1,605.03	49.49	1,586.15
	100.00	3,291.48	100.00	3,204.75

	(₹ in Crores)	
For the year ended December 31,	2014	2013
36. Value of imports on CIF basis		
(on accrual basis)		
Raw materials	267.57	196.39
Components and spares	1,265.57	1,275.06
Finished goods	56.27	97.66
Capital goods including technical know-how	15.03	49.90
Project items	449.55	358.67
	2,053.99	1,977.68
37. Expenditure in foreign currency		
(on accrual basis)		
Royalty and technology Fees	205.53	197.05
Trade-mark fees	60.80	59.88
Professional / project consultancy	10.22	10.10
Travelling and conveyance	13.67	12.59
Information technology expenses	52.85	43.49
Others	118.94	106.87
	462.01	429.98

38. Amount remitted during the year in foreign currency, on account of dividend

i) Number of non resident shareholders	3	3
ii) Number of equity shares held by them on which dividend was paid	15,89,31,986	15,89,31,986
iii) Year ended to which the dividend related December 31,	2013	2012
iv) Amount remitted	47.68	47.68

39. Construction Contracts

Contract revenue recognised for the financial year	2,643.29	2,805.98
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all the contracts in progress up to the reporting date	10,917.48	11,752.58
Amount of customer advances outstanding for contracts in progress	399.97	509.94
Amount of retentions due from customers for contracts in progress	1,124.85	1,151.29
Amount due from customers for contracts in progress	710.72	748.51

40. Related party disclosures

a) List of related parties

Party where control exists:

ABB Limited, Zurich, Switzerland (Ultimate Holding Company)

ABB Asea Brown Boveri Ltd., Zurich, Switzerland (Holding Company)

Other Related parties with whom transactions have taken place during the year:

Fellow subsidiaries:

ABB (Asea Brown Boveri), S.A., Paco de Arcos, 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 Australia Pty Limited., Sydney, Australia

ABB Automation Co. Ltd., Riyadh, Saudi Arabia

ABB Automation EOOD, Rakovski, Bulgaria

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 Bulgaria EOOD., Sofia, Bulgaria

ABB BV, Rotterdam, Netherlands

ABB Capital, B.V., Amsterdam, Netherlands

ABB Chongqing Transformer Company Ltd., Chongqing, China

ABB CL Logistic S.A., Montevideo, Uruguay

ABB Contracting Company Ltd., Riyadh, Saudi Arabia

ABB D.o.o., Ljubljana, Slovenia

ABB d.o.o., Belgrade, Serbia

ABB Ecuador S.A., Quito, Ecuador

ABB Electrical Industries (ABB ARAB) S.A.E., Cairo, Egypt

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 Equity Limited., St. Peter's Port, Guernsey

ABB ESAP Limited., St. Peter's Port, Guernsey

ABB Finance B.V., Amsterdam, Netherlands

ABB for Electrical Industries (ABB ARAB) S.A.E., Cairo, Egypt

ABB France., Les Ulis, France

ABB FZ-LLC., Dubai, United Arab Emirates

ABB Genway Xiamen Electrical Equipment Co. Ltd., Xiamen, China

ABB Global Industries and Services Limited., Bengaluru, India

ABB Global Marketing FZ LLC., Dubai, United Arab Emirates

ABB Group Accounting Services B.V., Rotterdam, Netherlands

ABB Hefei Transformer Co. Ltd., Hefei, China

ABB High Voltage Switchgear (Xiamen) Company Ltd., Xiamen, China

ABB High Voltage Switchgear Co. Ltd., Beijing, China

ABB Holdings Sdn. Bhd., Subang Jaya, Malaysia

ABB Import & Export Services Ltd., Oranjestad/Aruba (NA), Aruba (NI)

ABB Inc., Cary, NC, United States

ABB Inc., St. 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., Zurich, Switzerland

ABB Intra AG, Zurich, Switzerland

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., 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., Dublin, Ireland

ABB Ltd., Hanoi, Viet Nam

ABB Ltd., Kampala, Uganda

ABB Ltd., Kyiv, 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., Osasco, Brazil

ABB LV Installation Materials Co. Ltd., Beijing, China

ABB Malaysia Sdn Bhd., Subang Jaya, Malaysia

ABB Management Services Ltd., Zurich, Switzerland

ABB Manufacturing Sdn. Bhd., Subang Jaya, Malaysia

ABB Mexico S.A. de C.V., San Luis Potosi SLP, Mexico

ABB N.V., Zaventem, Belgium

ABB Near East Trading Ltd., Amman, Jordan

ABB Norden Holding AB, Västerås, Sweden

ABB Oy., Helsinki, Finland

ABB Power Equipment (Xiamen) Co., Ltd., Xiamen, China

ABB Pte. Ltd., Singapore, Singapore

ABB Research Ltd., Zurich, Switzerland

ABB S.A., Les Ulis, France

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.p.r.l., Kinshasa Gombe, Democratic Republic of the Congo
 ABB s.r.o., Prague, Czech Republic
 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 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 Technologies Ltd., Tirat Carmel, Israel
 ABB Technologies S.A., Dakar, Senegal
 ABB Technologies W.L.L., Bahrain, Bahrain
 ABB Technology Ltd., Zurich, Switzerland
 ABB Technology SA., Abidjan, Cote d'Ivoire
 ABB Transformers S.A.E., El-Nozha El-Gedida, Egypt
 ABB Transmission & Distribution Ltd., Abu Dhabi, United Arab Emirates
 ABB Turbo Systems (Hong Kong) Limited., Hong Kong, Hong Kong
 ABB Turbo Systems AG., Baden, Switzerland
 ABB Turbochargers S.A.E., Suez, Egypt
 ABB UAB, Vilnius, Lithuania
 ABB Verwaltungen 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 Lanka (Private) Limited., Colombo, Sri Lanka

Asea Brown Boveri Ltd., Port Louis, Mauritius
 Asea Brown Boveri Ltda., Bogotá, Colombia
 Asea Brown Boveri Ltda., La Paz, Plurinational State of Bolivia
 Asea Brown Boveri S.A., Caracas, Venezuela
 Asea Brown Boveri S.A., Douala, Cameroon
 Asea Brown Boveri S.A., Madrid, Spain
 Asea Brown Boveri S.A., Metamorphosis Attica, Greece
 Asea Brown Boveri S.A.E., Cairo, Egypt
 Baldor Electric (Asia) PTE Ltd., Singapore, Singapore
 Baldor Electric (Shanghai) Company Ltd., Shanghai, China
 Baldor Electric Company de Mexico SA de CV, El Salto, Jalisco, Mexico
 Baldor Electric Company., Fort Smith, AR, United States
 Baldor Electric Switzerland AG, Feuerthalen, Switzerland
 Baldor Holdings Inc, Boreham, USA
 Baldor UK Ltd., Bristol, England, United Kingdom
 Busch-Jaeger Elektro GmbH., Mannheim/Lüdenscheid, Germany
 Electrical Materials Center., Riyadh, Saudi Arabia
 K-Tek Level Engineering Pvt. Ltd., Navi Mumbai, India
 Maska Power Transmission (Changzhou) Co.Ltd., Changzhou, China
 Newave Energy AG., Neuenhof, Switzerland
 Newave SA., Quartino, Switzerland
 Power-One Italy S.p.A., Siena, Italy
 Power-One Renewable Energy Solutions India Private Ltd., Mumbai, India
 Power-One Renewable Energy Solutions LLC., Delaware, United States
 PT ABB Sakti Industri., Jakarta, Indonesia
 Pucaro Elektro-Isolierstoffe GmbH., Roigheim, Germany
 Shantou Winride Switchgear Co., Ltd., Longhu District Shantou, China
 Striebel & John GmbH & Co. KG., Mannheim, Germany
 Sucursal Panama de ABB SA., Panama, Panama
 Thomas & Betts Corporation., Knoxville, TN, United States
 Thomas & Betts India Private Ltd., Andhra Pradesh, India
 Thomas & Betts Power Solutions LLC., Delaware, United States
 Trasfor SA., Monteggio, Switzerland
 Tropos Networks, Inc., Wilmington, Delaware, United States
 Turbo Systems United Co. Ltd., Tokyo, Japan
 Ventyx (UK) Ltd., Surrey, United Kingdom
 Ventyx Inc., Atlanta, United States

Key management personnel:

Managing director:

Mr. Bazmi R Husain

Chief financial officer:

Mr. Amlan Datta Majumdar

(₹ in Crores)		
As at December 31,	2014	2013
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	2.87	2.79
Fellow Subsidiaries		
- Other fellow subsidiaries	826.20	759.40
	826.20	759.40

As at December 31,	2014	2013
ii) Purchases of raw materials, components, project items and traded goods		
Fellow Subsidiaries		
- ABB Oy., Helsinki, Finland	248.87	374.33
- ABB Schweiz AG., Baden, Switzerland	188.66	143.40
- ABB AB., Västerås, Sweden	176.96	150.22
- Other fellow subsidiaries	782.13	822.95
	1,396.62	1,490.90
iii) Expenditure on ESAP charges		
Fellow Subsidiaries		
- ABB ESAP Limited., St. Peters' Port, Guernsey	0.08	1.37
iv) Expenditure on royalty, technology and trade-mark fees		
Holding Company	60.80	59.88
Fellow Subsidiaries		
- ABB Technology Ltd., Zurich, Switzerland	187.05	174.18
- Other fellow subsidiaries	17.91	20.04
	204.96	194.22
v) Expenditure on information technology, engineering, management and other services		
Holding Company	20.28	17.89
Fellow Subsidiaries		
- ABB Information Systems Ltd., Zurich, Switzerland	52.71	42.98
- ABB Management Services Limited., Zurich, Switzerland	42.90	5.82
- ABB Global Industries and Services Limited., Bengaluru, India	33.57	35.32
- ABB Oy., Helsinki, Finland	23.63	40.76
- Other fellow subsidiaries	43.17	55.81
	195.98	180.69
vi) Capital expenditure for technical know-how		
Fellow Subsidiaries		
- ABB S.p.A., Milan, Italy	1.06	1.31
- ABB AB., Västerås, Sweden	2.48	1.07
- ABB Stotz-Kontakt GmbH., Heidelberg, Germany	0.81	1.20
- ABB Oy., Helsinki, Finland	-	0.85
- Other fellow subsidiaries	-	0.38
	4.35	4.81
vii) Other capital expenditure		
Fellow Subsidiaries		
- ABB Stotz-Kontakt GmbH., Heidelberg, Germany	0.96	14.98
- ABB Schweiz AG., Baden, Switzerland	2.25	8.53
- ABB Oy., Helsinki, Finland	0.58	4.30
- ABB AB., Västerås, Sweden	0.53	1.81
- Other fellow subsidiaries	0.50	4.32
	4.82	33.94
viii) Sale of assets (net)		
Fellow Subsidiaries		
- Asea Brown Boveri Lanka (Private) Limited., Colombo, Sri Lanka	0.88	-
- ABB Global Industries and Services Limited., Bengaluru, India	0.35	-
	1.23	-

(₹ in Crores)

As at December 31,	2014	2013
ix) Dividend paid during the year		
Holding Company	43.92	43.92
Fellow Subsidiaries	3.76	3.76
x) Remuneration to managing director	2.99	2.83
xi) Remuneration to chief financial officer	1.13	1.04
Remuneration to directors and chief financial officer does not include provision for leave encashment and gratuity as it is provided in the books on the basis of actuarial valuation for the Company as a whole.		
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	-	0.79
Fellow Subsidiaries		
- PT ABB Sakti Industri., Jakarta, Indonesia	34.02	5.77
- ABB Contracting Company Ltd., Riyadh, Saudi Arabia	1.14	2.88
- Other fellow subsidiaries	150.52	194.92
	185.68	203.57
ii) Loans and advances		
Fellow Subsidiaries		
- ABB AB., Västerås, Sweden	2.06	1.24
- ABB Oy., Helsinki, Finland	1.59	1.59
- ABB Schweiz AG., Baden, Switzerland	0.26	2.94
- ABB High Voltage Switchgear (Xiamen) Company Ltd., Xiamen, China	-	1.25
- Other fellow subsidiaries	0.26	1.10
	4.17	8.12
iii) Other current assets		
Holding Company	1.32	0.64
Fellow Subsidiaries		
- ABB Technology Ltd., Zurich, Switzerland	9.70	5.86
- ABB Global Industries and Services Limited., Bengaluru, India	4.79	7.71
- ABB Management Services Ltd., Zurich, Switzerland	0.99	16.51
- ABB AB., Västerås, Sweden	1.16	8.36
- Other fellow subsidiaries	4.97	8.22
	21.61	46.66
iv) Creditors for acquisition		
Fellow Subsidiaries		
- ABB Global Industries and Services Limited., Bengaluru, India	-	55.93

(₹ in Crores)		
As at December 31,	2014	2013
v) Trade payables		
Holding Company	-	0.01
Fellow Subsidiaries		
- ABB Oy., Helsinki, Finland	84.48	134.34
- ABB Schweiz AG., Baden, Switzerland	66.57	67.85
- ABB AB., Västerås, Sweden	56.05	47.66
- Other fellow subsidiaries	300.54	325.90
	507.64	575.75
vi) Other liabilities		
Holding Company	15.90	19.93
Fellow Subsidiaries		
- PT ABB Sakti Industri., Jakarta, Indonesia	12.44	3.97
- ABB Pte. Ltd., Singapore, Singapore	8.27	1.85
- ABB AS., Billingstad, Norway	0.95	8.77
- ABB Contracting Company Ltd., Riyadh, Saudi Arabia	1.68	7.78
- Other fellow subsidiaries	33.31	47.09
	56.65	69.46

41. Exchange rate variation - (gain) / loss (net) for the year includes gain on account of fair valuation of foreign exchange forward contracts for firm trade commitments amounting to ₹ 1.03 crores (Previous Year loss of ₹ 3.52 crores).

42. Provisions

a) **Movement in provisions:** (Figures in brackets are in respect of the previous year)

(₹ in Crores)					
Class of provisions	As at January 1, 2014	Additions	Amounts used	Unused Amounts reversed	As at December 31, 2014
Warranties	123.21 (108.41)	104.35 (53.60)	43.41 (32.05)	58.82 (6.75)	125.33 (123.21)
Sales tax	42.49 (32.58)	44.11 (13.23)	1.51 (3.32)	4.21 -	80.88 (42.49)
Litigations	5.71 (5.71)	10.88 (-)	- (-)	4.61 (-)	11.98 (5.71)

b) **Nature of provisions:**

- 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, 2014 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.
- 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.
- 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.

43. The employees of the Company are entitled to purchase shares of ABB Limited., Zurich (the ultimate holding company) on the settlement date, at a price fixed based on the fair market price on the grant date under ABB employee share acquisition plan. During the year, the Company has been cross charged ₹ **0.08 crores** (Previous Year ₹ 1.37 crores) towards the above including administrative charges and this has been charged in the statement of profit and loss under the head salaries, wages and bonus.

The Institute of Chartered Accountants of India has issued a guidance note on accounting for 'employee share-based payments', which is applicable to employee share based payment plans. The scheme detailed above is managed and administered, compensation benefits in respect of the scheme is assessed and accounted by the ultimate holding company, except for the obligation towards expenses cross charged as above. Accordingly, the Company is of the opinion that there is no further accounting treatment / disclosure required under the said guidance note.

44. Derivative Instruments

- i) Forward cover for foreign currency trade receivables outstanding as of balance sheet date is ₹ **349.05 crores** (Previous Year ₹ 341.51 crores).
- ii) Forward cover for expected future sales or highly probable forecast transaction as of balance sheet date is ₹ **384.91 crores** (Previous Year ₹ 446.77 crores).
- iii) Forward cover for foreign currency trade payables outstanding as of balance sheet date is ₹ **577.89 crores** (Previous Year ₹ 772.56 crores).
- iv) Forward cover for expected future purchases or highly probable forecast transaction as of balance sheet date is ₹ **116.55 crores** (Previous Year ₹ 320.42 crores).
- v) Foreign currency exposure (net) that are not hedged by derivative instruments or otherwise is payable ₹ **267.31 crores** (Previous Year payable is ₹ 190.60 crores).

45. 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, 2014.

Year	Commodity	Number of contracts	Contractual quantity	Buy / Sell
2014	Copper	10	174 MTs	Buy
2013	Copper	26	750 MTs	Buy

46. The Company has defined benefit gratuity plan and provident fund plan managed by trusts. The following table summarises the component of net benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet.

(₹ in Crores)				
	2014		2013	
	Gratuity	Provident Fund	Gratuity	Provident Fund
i) Change in benefit obligations				
Projected benefit obligations at beginning of the period	90.50	361.88	87.49	324.73
Acquired on amalgamation	-	-	0.35	-
Current service cost	7.85	18.35	7.35	17.81
Contribution by plan participants (employees)	-	49.88	-	39.83
Interest cost	7.52	32.63	6.83	24.94
Benefits paid	(10.09)	(34.02)	(9.46)	(44.90)
Actuarial loss / (gain)	10.90	(1.06)	(2.06)	(0.53)
Projected benefit obligations at the end of the period	106.68	427.66	90.50	361.88
ii) Change in plan assets				
Plan assets at the beginning of the period, at fair value	89.18	364.98	81.17	323.48
Acquired on amalgamation	-	-	0.21	-
Contributions	10.93	68.23	9.82	57.64
Expected return on plan assets	8.06	31.43	7.33	28.86
Actuarial (loss) / gain	(0.11)	-	0.11	(0.10)
Benefits paid	(10.09)	(34.02)	(9.46)	(44.90)
Plan assets at the end of the period, at fair value	97.97	430.62	89.18	364.98
iii) Actual return on plan assets				
Expected return on plan assets	8.06	31.43	7.33	28.86
Actuarial (loss) / gain on plan assets	(0.11)	-	0.11	(0.10)
Actual return on plan assets	7.95	31.43	7.44	28.76
iv) Present value of the defined benefit obligation	106.68	427.66	90.50	361.88
Plan assets at the end of the period, at fair value	97.97	430.62	89.18	364.98
Liability recognised in the balance sheet	8.71	-	1.32	-
v) Expense recognised in the statement of profit & loss				
Current service cost	7.85	18.35	7.35	17.81
Interest cost	7.52	32.63	6.83	24.94
Expected return on plan assets	(8.06)	(31.43)	(7.33)	(28.86)
Actuarial loss / (gain)	11.01	(1.06)	(2.17)	(0.43)
Surplus of the trust	-	-	-	4.35
Total *	18.32	18.49	4.68	17.81
* Excludes contribution to recognised provident fund				
vi) Investment Details (% invested)				
GOI securities	17.1	22.8	19.4	20.9
State government securities	15.7	20.4	11.4	20.5
PSU securities	16.4	39.1	20.4	42.1
Special deposit scheme / Funds with LIC	45.2	4.9	43.8	5.8
Others (including bank balances)	5.6	12.8	5.0	10.7
	100.0	100.0	100.0	100.0
vii) Assumptions				
Interest rate for discount - per annum	8.00%	8.00%	8.80%	8.80%
Estimated rate of return on plan assets - per annum	8.80%	8.75%	9.00%	8.75%

(₹ in Crores)					
viii) Experience Adjustment	2014	2013	2012	2011	2010
Gratuity					
Defined benefit obligation	106.68	90.50	87.49	76.10	66.71
Plan assets	97.97	89.18	81.17	70.05	59.50
Surplus / (deficit)	(8.71)	(1.32)	(6.32)	(6.05)	(7.21)
Experience adjustments on plan liabilities	(1.18)	1.56	2.38	5.38	4.30
Experience adjustments on plan assets	(0.11)	(0.11)	0.41	0.30	0.62
Provident Fund					
Defined benefit obligation	427.66	361.88	324.73	290.69	247.96
Plan assets	430.62	364.98	323.48	285.98	243.79
Surplus / (deficit)	2.96	3.10	(1.25)	(4.71)	(4.17)
Experience adjustments on plan liabilities	(1.41)	9.32	(8.05)	(3.76)	1.73
Experience adjustments on plan assets	-	0.10	1.33	2.85	(2.70)

Notes:

- 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.
- The Company expects to contribute ₹ 20.00 crores (Previous Year ₹ 6.00 crores) to gratuity fund and ₹ 20.00 crores (Previous Year ₹ 18.00 crores) to provident fund in 2015.
- The attrition rate for gratuity varies from 1% to 8% for various age groups.

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

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm registration number: 101049W
Chartered Accountants

Per Adarsh Ranka
Partner
Membership No: 209567

Mumbai, February 10, 2015

For and on behalf of the Board

Frank Duggan	Chairman
Bazmi R Husain	Managing Director
Nasser Munjee	Director
Amlan Datta Majumdar	Chief Financial Officer
B. Gururaj	Company Secretary

Mumbai, February 10, 2015

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