



Driving profitable growth

ABB India Limited, Annual Report 2013



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Who we are

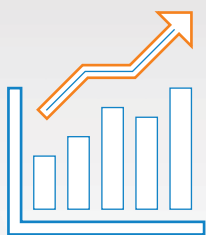
ABB is one of the world's leading power and automation technology companies.

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.



₹ 7,722
crores
in revenue
in 2013

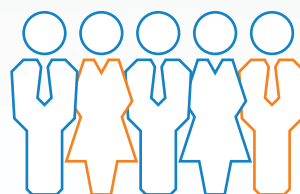
7th largest
contributor
to Group
business volumes



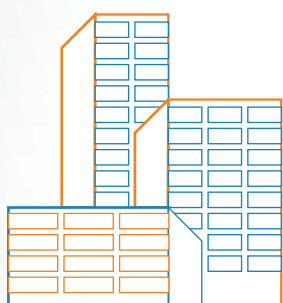
12
manufacturing sites

21
marketing offices

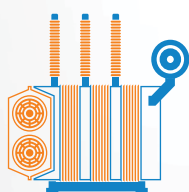
8
service centers



More than
6,000
employees in India



1 company delivering
power and productivity
for a better world



Close to
99,000
transformers
manufactured in India



12.6
percent reduction
in total electricity consumption
compared to 2012

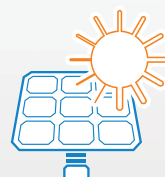
Our converter stations for the North-East Agra
ultrahigh-voltage transmission link will have

8,000 MW
converter capacity, equals



16x

500
MW



350 MW
of solar power
inverters supplied in 2013

Highlights

Revenues and orders hold steady in a tough macro environment

Cost and project management focus improves profitability

Base orders grow and exports shine, balancing paucity of new projects

Relentless execution results in enhanced capital efficiency

Coming closer to the customer – better Net Promoter Score

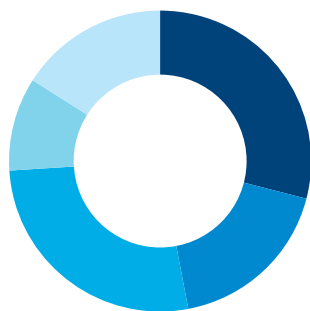
Continuous investments – two new factories added

Five-year highlights

(Rs in Crores)					
Description	2013	2012	2011	2010	2009
Sources of Funds					
Share Capital	42.38	42.38	42.38	42.38	42.38
Reserves	2,635.18	2,555.67	2,492.14	2,381.32	2,367.35
Net Worth	2,677.56	2,598.05	2,534.52	2,423.70	2,409.73
Borrowings	620.11	327.68	-	-	-
Funds Employed	3,297.67	2,925.73	2,534.52	2,423.70	2,409.73
Income and Profits					
Revenue from Operations	7,721.99	7,564.99	7,448.97	6,359.33	6,291.44
Operating Profit Before Interest and Depreciation	469.92	336.49	361.78	155.98	582.96
Profit Before Tax	272.47	206.21	267.74	100.23	527.40
Profit After Tax	179.31	137.41	184.54	63.23	354.64
Dividend / Dividend Tax	74.87	73.88	73.72	49.26	49.58
Retained Earnings	102.02	63.53	110.82	13.97	305.06
Other Data					
Gross Fixed Assets	1,910.22	1,702.63	1,536.38	1,045.34	959.78
Debt Equity Ratio	0.23:1	0.13:1	0.00:1	0.00:1	0.00:1
Net Worth Per Equity Share - Rs	126.36	122.61	119.61	114.38	113.72
Earnings Per Equity Share - Rs	8.46	6.48	8.71	2.98	16.74
Dividend Per Equity Share - Rs	3.00	3.00	3.00	2.00	2.00
Profit After Taxes as % to Average Net Worth	6.80	5.35	7.44	2.62	15.71
Order	6,716.51	6,966.20	8,188.80	6,349.60	8,684.70
Order backlog	7,709.02	8,672.50	9,128.80	8,436.20	8,478.70
Number of permanent employees	6,371	6,752	6,926	6,128	6,222

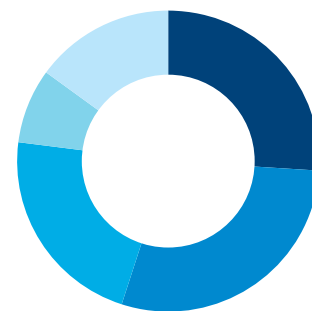
Orders 2013 by division

- Power Products, **29%**
- Power Systems, **18%**
- Discrete Automation and Motion, **27%**
- Low Voltage Products, **10%**
- Process Automation, **16%**

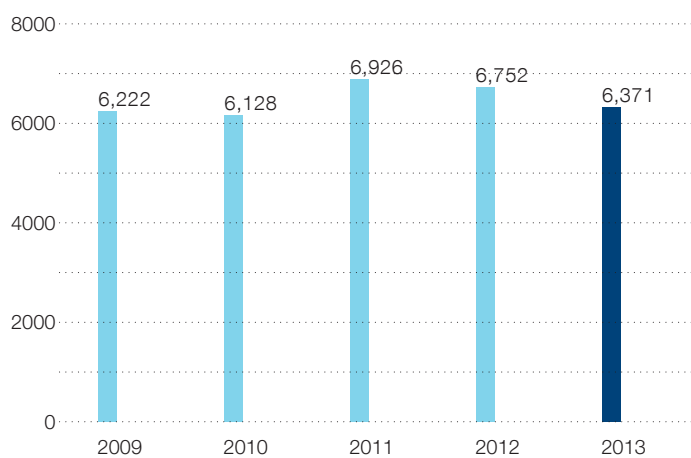


Revenues 2013 by division

- Power Products, **26%**
- Power Systems, **29%**
- Discrete Automation and Motion, **22%**
- Low Voltage Products, **8%**
- Process Automation, **15%**



Number of employees



Dividend (Rs. per share)



Key achievements of 2013

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 Enabling ‘One nation - One grid’

ABB India successfully connected the last node in the country’s envisioned one frequency ultrahigh voltage transmission network with the commissioning of the substation at Solapur.



2 Increasing competitive footprint

ABB India set up GIS and PASS facilities at Savli, to cater to the changing needs of an urbanizing India.



3 Crowded cities demand better safety

To provide power solutions safe enough for indoor applications, ABB India set up dry-type transformer factory at Savli, India.

4 Powering solar from ground up

ABB India engineered and commissioned 50MW solar power plant for Mahagenco within seven months.



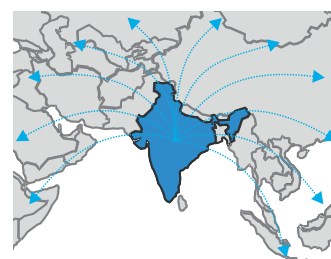
5 Mining productively, safely

ABB India provided mine hoist systems for the world’s largest greenfield zinc mine, Hindustan Zinc Ltd, Bhilwara, Rajasthan.



6 Developing the hub and spoke

Export orders were well over ~20% in 2013. ABB India is exploring new markets like Africa, Myanmar, while strengthening regional relations.





7 Changing lives in the Sunderbans

ABB, with WWF India, has set up a solar-powered, multi-purpose battery charging station to provide electricity to a community in Sunderbans, West Bengal.

8 High voltage success

Developed, tested and delivered a 1,200 kV power transformer in India, deploying the highest alternating current voltage level in the world.



9 Enabling big savings

ABB services reduced energy consumption at Caterpillar's Tiruvallur site from 23,000 kWh to 11,000 kWh per month, without additional investments.



11 Streamlining productivity

Integration of the value chain from the customer order to the plant control system at Asian Paints.



10 Efficiency the EBoP way

\$38 million order to design, engineer, install, and commission the electrical balance of 1,320 MW coal fired power plant at Nellore, and a 400 kV GIS substation in Andhra Pradesh.



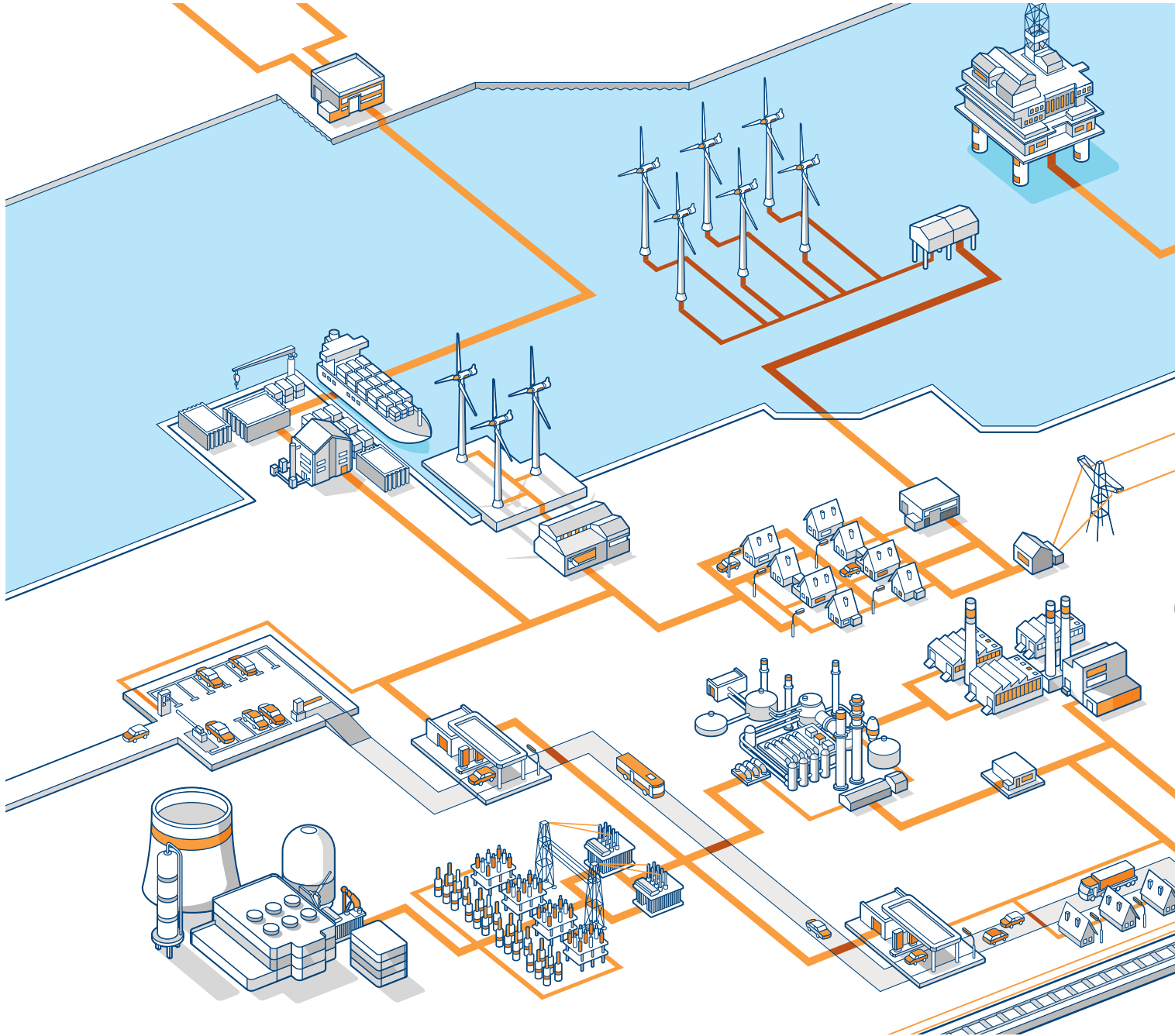
12 Off-grid solution for farmers

ABB's solar-powered pumps empower farmers without easy access to electricity in remote locations. Built-in tracking ensures maximum pump flow.



What we do

ABB technology improves control over electricity, enabling power networks to be more reliable, efficient, and accessible to renewable energy



Energizing and controlling power plants

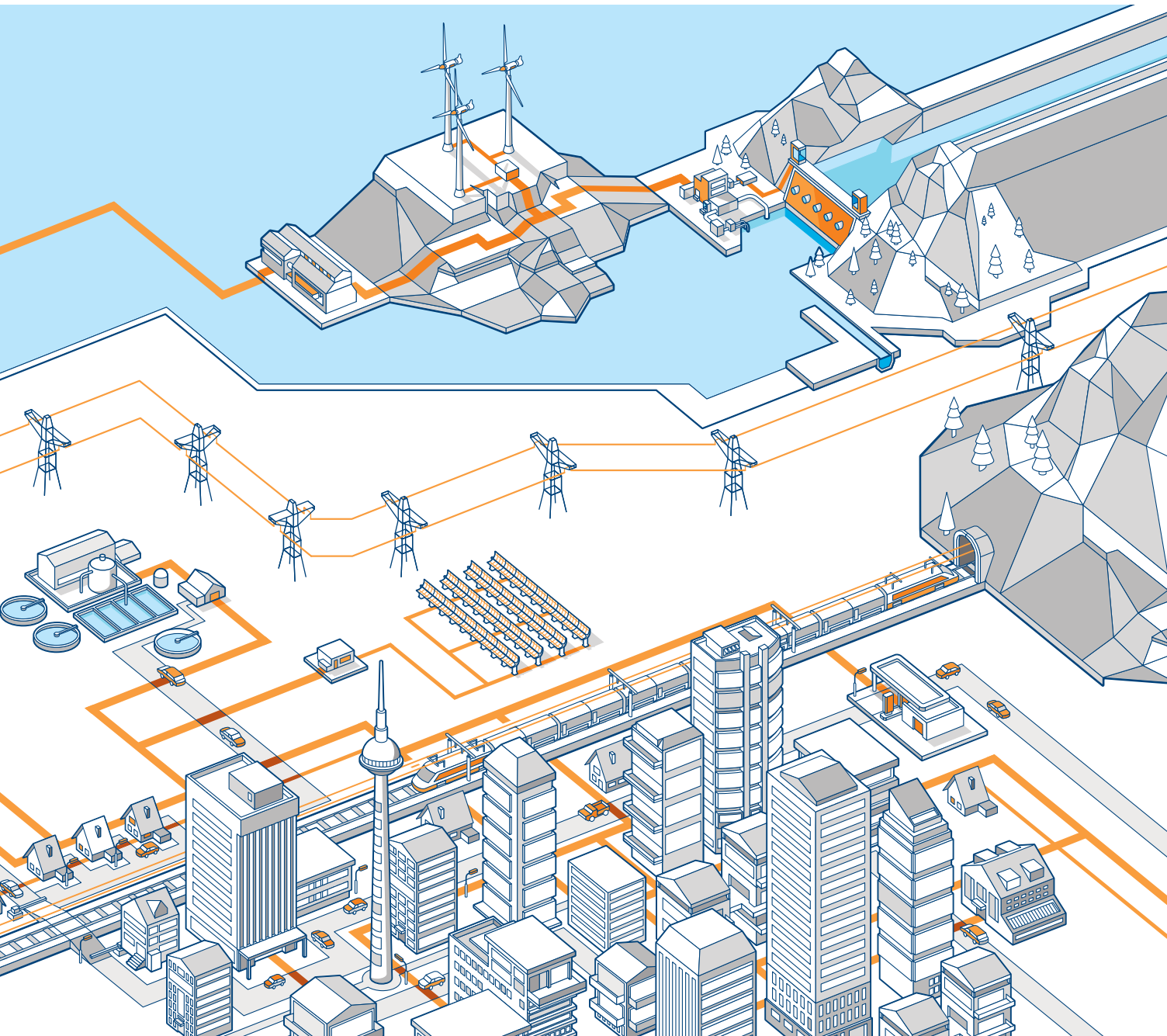
Power plant operators aim to run their installations at the highest possible level of efficiency, regardless of the energy source. With more than 130 years of experience and a vast installed base, ABB offers technologies for complete electrical and automation solutions as well as controls and instrumentation products for conventional and renewable-based power generation plants.

Power transmission

ABB is a pioneer and market leader in technologies for efficient and reliable transmission of power over long distances with minimal losses. Our ultrahigh and high-voltage solutions up to 1,200 kV, including technologies like HVDC, HVDC Light, FACTS and cable systems, help transport power and connect transmission grids over land, underground and even underwater.

Substations

Transmission and distribution substations enable power transfers with a range of high- and medium-voltage products that ensure reliability and efficiency, such as surge arrestors, protection equipment, switchgear and circuit breakers. Transformers adjust voltage levels higher or lower for a vast range of purposes, while special automation systems protect and optimize the flow of power within a substation.



Managing the distribution network

ABB's advanced energy management, automation and communications solutions improve the reliability and efficiency of utility and industrial operations. Our products, systems and services boost capacity, enhance security and improve productivity. Coupled with enterprise software for asset management and business applications, we bridge the gap between operations technology and IT, providing complete solutions for asset-intensive industries.

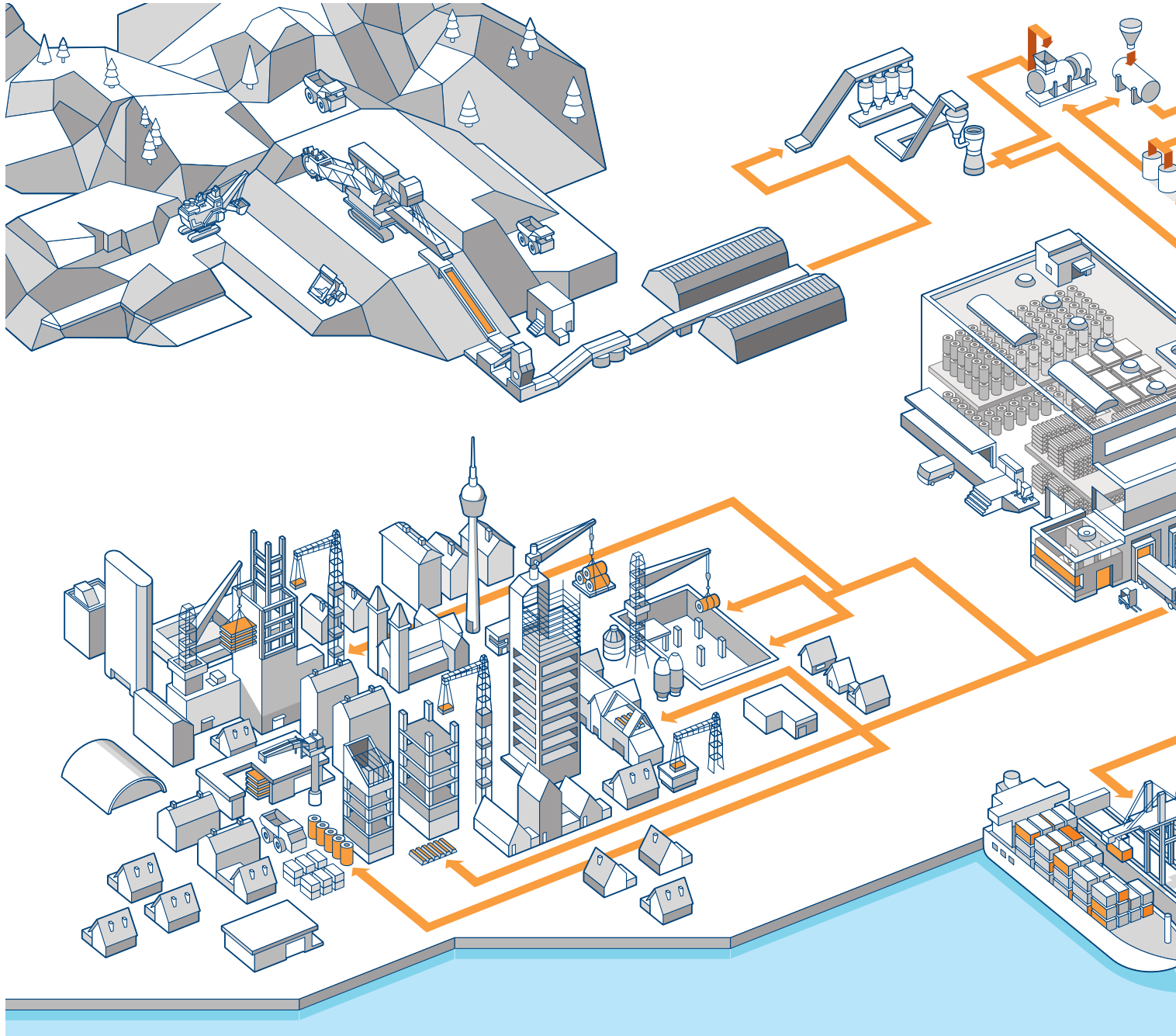
Products across the power value chain

ABB's product offering across voltage levels includes circuit breakers, switchgear, capacitors, instrument transformers, power, distribution and traction transformers as well as a complete range of medium-voltage products – enhancing reliability, improving energy efficiency and lowering environmental impact.

Services

With a global installed base and unparalleled domain expertise, ABB's service offering encompasses the entire energy value chain, from consulting, repair, refurbishment and maintenance-related services to complete asset management solutions. ABB's knowledge of installed electrical systems and equipment is unsurpassed, enabling us to design and build new power products and systems, or repair and modernize older ones.

Our solutions integrate power and automation technologies to improve the efficiency, productivity and quality of our customers' operations while minimizing their environmental impact.



Plant electrification and energy management

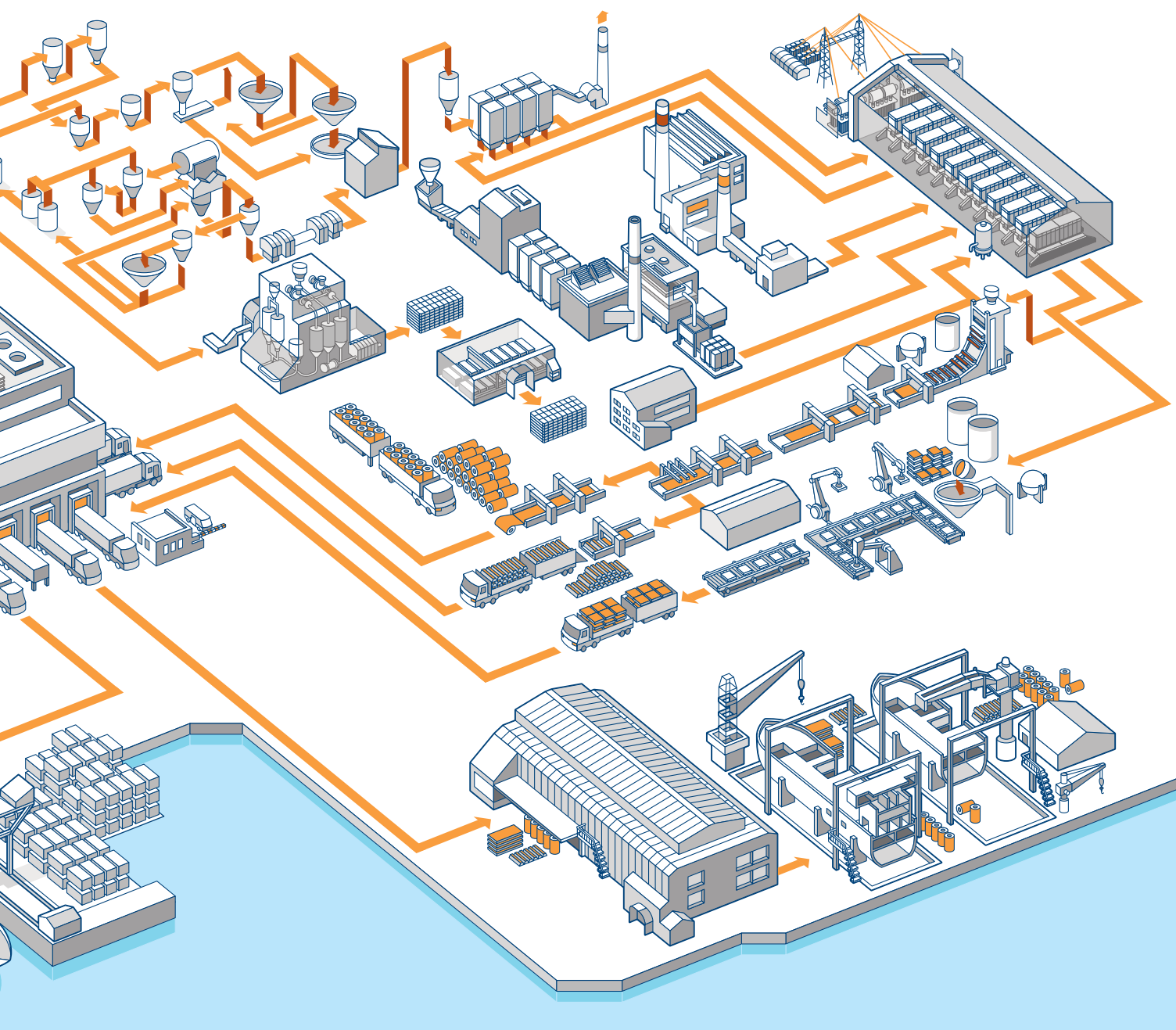
ABB electrification solutions deliver and distribute electricity safely and efficiently throughout manufacturing and processing plants. ABB energy management systems help customers reduce energy bills and carbon emissions by up to 20 percent by lowering energy consumption, minimizing distribution losses and improving generation efficiency.

Process automation

ABB automation systems increase productivity, improve energy efficiency, and keep workplaces safe. PLC and control systems reduce production costs with better scheduling, execution and management of industrial processes, improving customer service and product quality. Measurement products read essential parameters in real time, including pressure, temperature and flow. Online analyzers monitor critical processes to help manage production quality and emissions.

Material handling and robotics

ABB motors drive key equipment, and frequency converters deliver precise and dependable motor control while helping to reduce energy consumption. Together, motors and drives increase energy efficiency in fans, pumps, compressors, conveyors, kilns, centrifuges, mixers, extruders, hoists and cranes. Fast, cost-effective crane systems control lifting and handling for shipping and industrial applications. Since 1974, ABB has delivered 250,000 robots for a wide variety of industries.



Protection and control

Low-voltage circuit breakers, switches and control products protect people, buildings and equipment from electrical overloads. Line protection products, wiring accessories, enclosures and cable systems control and protect building installations. When integrated with ABB intelligent building automation systems, energy consumption is optimized and controlled through automated adjustment of blinds, lighting, heating and ventilation.

Services

ABB services help customers improve the performance of automated systems and equipment. Life-cycle services provide preventive, predictive and corrective maintenance and continual evolution of installed automation equipment. Consulting services help customers use less energy, ensuring process efficiency and reliability. Full service contracts put ABB in charge of engineering, planning, and managing plant maintenance activities.

Transportation and shipping

ABB enables fast and efficient electric mobility while minimizing environmental impact. It provides reliable, energy efficient electrical systems for high-speed trains and powerful DC charging technology that can charge electric vehicles and buses at roadside stops. It supplies flexible marine power and propulsion systems for ships and its turbocharging solutions improve gas and diesel engine performance while lowering fuel consumption and NOx emissions.

Country Management Committee

From left to right

N Venu Division Manager, Power Systems

Pitamber Shrivnani Division Manager, Power Products

Raja Radhakrishnan Head, Human Resources

Raimondo Salandra Division Manager, Low Voltage Products

Amlan Datta Majumdar Chief Financial Officer

Ralph Schultheiss Head, Legal and Integrity

Bazmi R. Husain Managing Director

R Narayanan Division Manager, Discrete Automation and Motion

Subir K Pal Head, Business Development and Marketing

Madhav Vemuri Country Service Manager

Tajinder Vohra Country Operations Officer

Giandomenico Testi Chief Technology Officer

Prateesh Mahajan Division Manager, Process Automation



Board of Directors and Company information

Board of Directors

Gary Steel, Chairman
Bazmi R. Husain, Managing Director
Nasser Munjee
Darius E. Udawadia
Peter Leupp
Renu Sud Karnad (w.e.f. 09.08.2013)
Francis Duggan (upto 07.05.2013)
Arun Kanti Dasgupta (upto 08.05.2013)
N. S. Raghavan (upto 20.08.2013)

Audit Committee

Nasser Munjee, Chairman of the Committee
Darius E. Udawadia
Peter Leupp
Renu Sud Karnad

Shareholders' / Investors' Grievance Committee

Darius E. Udawadia, Chairman of the Committee
Bazmi R. Husain
Renu Sud Karnad

Company Secretary

B. Gururaj

Auditors

M/s. S.R. BATLIBOI & CO. LLP
Chartered Accountants

Cost Auditors

M/s. Ashwin Solanki & Associates
Cost Accountants

Registered Office

2nd Floor, East Wing
Khanija Bhavan
49, Race Course Road
Bengaluru – 560 001

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



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Business Responsibility Report

Overview of Sustainability at ABB India Limited

Firmly rooted in the ABB Group's sustainability strategy that underscores the knowledge that sustainability is good for the business, customers and society; the Company endeavored to contribute to 'a better world' in which a growing population has fair access to resources, health and well-being now and into the future.

The Company integrated sustainability considerations into all its business activities. The Company's Integrity Program, along with the Environment¹, Human Rights, Occupational, Health and Safety (OHS)¹, and Social policies, drove a strong and sound sustainability program within the Company and contributed to the sustainability of its stakeholders.

Environment, health and safety continued to be one of your Company's sustainability focus areas. The Company's commitment to ensuring the health, safety, security and environment of employees, contractors and others affected by business operations has been addressed through OHSAS 18001:2007 and ISO 14001:2004 certifications of its manufacturing units. Ten manufacturing units of the Company are currently certified under both the above management systems. The Company strictly adheres to its Supplier Code of Conduct, which promotes social and environmental responsibility through the value chain.

The Company kept its stakeholders at the heart of its sustainability efforts. While the Company trained and nurtured a diverse workforce, its engagements with customers, suppliers, communities, NGOs, and trade bodies represented its commitment to the well being of all of its stakeholders. The customers of the Company benefited from the products and services designed and developed to reduce their impact on the environment throughout the life cycle. The Company engaged them through trainings and customer surveys and provided an effective complaint redressal system. The Company closely worked with its suppliers through the Supplier Sustainability Development Program (SSDP) to improve their systems and processes. While the ABB Group has engaged with renowned global organizations like the UN Global Compact, Amnesty International, The Global Business Initiative on Human Rights, and World Business Council for Sustainable Development at the global level; the Company has engaged with national organizations like Confederation of Indian Industries (CII).

The Company's social responsibility initiatives such as the 'Access to electricity' program and the job outsourcing to differently-abled persons (through NGOs) supported some of the most vulnerable groups in the community. The Company's commitment to inclusive growth and equitable development is underscored with SMEs constituting 12 percent of its vendor base. In 2013, the Company spent close to 2 percent of its net income on corporate social responsibility.

The Company conducted its business with the highest standards of ethics and integrity, and respect for human rights. The ABB Group Code of Conduct and the Supplier Code of Conduct also provided the integrity frameworks for the Company's business activities internally and externally.

The Company received the Global CSR Excellence and Leadership Award for Manufacturing at the 2013 Blue Dart World CSR Day.

Sustainability in business operations

Sustainability considerations are woven into all business operations of the Company; from design and manufacture of products, engaging with suppliers and other stakeholders, to assessing risks and opportunities.

The sustainability governance structure in the Company is well-integrated with the ABB Group sustainability governance structure. Your Company's sustainability head reports to the Sustainability Affairs management team at the ABB Group. The ABB Group Sustainability Affairs organization is responsible for the development and coordination of policies and programs covering health and safety, security, environment, corporate social responsibility and crisis management. Sustainability Affairs reports directly to one of the Executive Committee members. The ABB Group Sustainability Board, comprising the Executive Committee, oversees sustainability policies and programs, reviews developments and monitors progress on an annual basis.

The Company's sustainability practices and performance are presented below in sections under healthy and safe working environment, environmental responsibility, and supply chain sustainability.

Healthy and safe working environment

The Company's commitment to health and safety has been articulated in the Occupational Health and Safety (OHS) Policy of the ABB Group and the Environment, Health and Safety Policy of the Company itself. The OHS Policy has been framed to nurture a health and safety culture that is rooted in prevention and requires the Company to integrate OHS into all its business activities, including the process for managing change. Through the Policy, the Company is committed to carrying out its business activities within the framework of an OHS management system that meets the requirements of OHSAS 18001:2007 and ensures resources, roles and responsibilities, and accountability for OHS.

Meeting national, international, and industry standards is the minimum requirement in managing health and safety risks in all aspects of the Company's business activities. Therefore, the Company's OHS program is designed to ensure that it complies with the applicable national, state, and local regulations and that its health and safety practices are consistent with the international labor standards like the ILO Conventions. Specifically, the OHS Policy subscribes to ILO Convention C155 (occupational health and safety), ILO Convention C161 (occupational health services and preventive functions), ILO Convention C167 (safety and health in construction convention) and ILO Convention C29 (provision of potable water, sanitary facilities and necessary equipment supply, as addressed in Article 17 of the convention).

The Company has a crisis and emergency management system as well as an accident analysis and prevention program. Identifying and reporting hazards and near-misses are critical to achieving the long term health and safety goals of the Company. Therefore, the Company launched a hazard and near-miss reporting campaign in 2012. In 2013, nearly 19,000 hazards and near-misses have been reported. This represents close to a 38 percent increase in reporting compared to 2012 and indicates the increasing awareness created among the employees. All reported hazards and near-misses are analyzed and

¹The terms Environment Policy, OHS Policy, and the Company Policy / Policy (when it refers to either of these policies) include the respective ABB Group Policies and the Environment, Health and Safety Policy of the Company.

appropriate remedial / preventive measures and / or procedures are implemented. The Company provided extensive OHS training to its employees and managers so that they understood their responsibilities and demonstrated health and safety competence at workplace.

The Company's OHS Policy commits to selecting and working with contractors and suppliers who perform as per the health and safety requirements of the Company. Contractors and service providers are selected based on an assessment of their competence and capability to undertake the tasks in compliance with the required health and safety measures. The Company requires that its suppliers implement a health and safety policy and that they comply with relevant 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 OHSAS18001:2007.

During the year, the Company continued its efforts toward preventing incidents and injuries from its business activities by providing a safe and healthy working environment at all manufacturing units owned and / or operated by the Company. The Company achieved this by eliminating or minimizing, so far as is reasonably practicable, the causes of health and safety hazards inherent in its working environment. The Company's OHS program for the year was supported by a well-conceived OHS plan that was approved at the beginning of the year.

The Company catered to specific OHS needs of various business divisions through customized initiatives such as the Electrical Safety Initiative in Power Systems business and the Transformer Safety Initiative in Power Products business. The Company launched 'Practical Application of Seven Steps for Electrical Safety', a safety initiative to protect service employees and contractors from serious injuries in the event of an electrical arc flash / blast. The initiative included classroom training followed by practical training in field service and site situations.

Cognizant of the OHS risks in the transformer business globally, the ABB Group embarked on the Transformer Safety Initiative in 2009. By analyzing baseline scenarios and identifying risk areas, a set of 29 detailed global instructions covering various aspects of the transformer business were developed and rolled out. A team of operational, maintenance and OHS staff of the Company were trained in the set of instructions. In 2013, OHS experts from the ABB Group audited the transformer factories of the Company for compliance with the instructions.

In 2013, the Company logged nearly 18 million employee-man-hours and 19 million contractor-man-hours, and there were: no cases of fatality; 3 serious injuries; 50 injuries requiring medical treatment; no high potential incidents; and 3 lost time injuries.

Environmental responsibility

The Company strived to achieve environmental sustainability by reducing its own environmental impact and contributing to the eco-efficiency of its customers. The Company's Environment Policy is an integral part of its commitment to sustainability and provides the framework to embed sustainability considerations in its strategies, processes and day-to-day business. The ABB Group's Environment Policy and the Company's own Environment, Health and Safety Policy, which is derived from the Group's Policy, are equally applicable to the Company. The Company is committed to transparency; its environmental performance is included in the ABB Group's annual sustainability report, most of which is independently verified and consistent with the principles of the Global Reporting Initiative (GRI).

The Company's Environment Policy requires that all of its 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, employee training, and continual improvement. The manufacturing units at Nelamangala and Haridwar achieved the certification in 2013. Two new manufacturing units will initiate the certification process in 2014-15. Environmental topics were included in the Company's training program for the year.

Environmental audits were carried out in the manufacturing units in accordance with the environmental management systems implemented. The Company has also integrated environmental aspects with the risk assessment of major customer projects it undertakes.

While the Company is committed to developing manufacturing processes that focus on energy and resource efficiency, it also extended 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 Company made the environmental performance of its core products available to its customers by publishing the Environmental Product Declarations based on Life Cycle Assessment (LCA).

The Company offered its customers an array of environmentally sustainable products developed by the ABB Group with or without indigenized design or components. The ABB Group develops products based on LCAs and the application of the GATE Model. In the GATE Model, the environmental attributes of a product under development are scrutinized before it passes through a hypothetical GATE from one stage of the life cycle to the next stage. Environmental Product Declarations (EPDs) that provide quantitative information on environmental aspects such as global warming effect and the use of non-renewable resources in each phase of the lifecycle were generated based on the LCA approach. Customers could access EPDs for nearly 80 products including substation automation products, solar inverters, drivers, and breakers. The Company's products were labeled in accordance with the applicable laws.

The Company made significant efforts in 2013 to improve resource efficiency at its manufacturing units. The total electricity consumption for 2013 is 54.2 GWh, which includes nearly 57.5 MWh of solar power. This represents a 12.6 percent reduction in total electricity consumption compared to that in 2012. Seven of our manufacturing units achieved significant power savings during the year, while two units had marginally higher power consumption compared to 2012. Process optimization and higher productivity along with various energy efficiency initiatives contributed to the power savings at the units.

The total water consumption for 2013 is close to 0.62 million cubic metre, nearly the same total consumption as in 2012. Close to 0.13 million cubic metre of water was recycled or reused in 2013, representing about 21 percent of the total compared to the 17 percent recycled or reused in 2012.

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 as well as leading practices in the area. All manufacturing units have the respective state Pollution Control Board (PCB) authorization to generate, store, handle and dispose hazardous wastes. The Company disposed, in accordance with the hazardous waste authorizations, close to 480 tonnes of hazardous wastes and about 20 tonnes of e-waste in 2013. The Company

recycled nearly 1,800 tonnes of metal scrap and 2,900 tonnes of waste consisting of paper, plastic, wood and cardboard through third parties. The Company also disposed of close to 4,200 tonnes of general waste.

The Company monitors Greenhouse Gas (GHG) and other emissions to air from its operations with the objective of reducing the emissions. In 2013, emissions from manufacturing units were within the limits stipulated by consent orders and other regulatory approvals.

India is a significant market for the Company for wind and solar power businesses. The Company offers products and services in the areas of power generation and grid integration and power evacuation. The Company also exports many of these products. The technology, products, and software solutions offered by the Company have significantly contributed to the sustainability of customers and sustainable development in general by helping add power generation capacity and reduce GHG emissions. The Company has state-of-the-art manufacturing units - wind generators and transformers at Vadodara, medium voltage switchgears at Nashik, and converters and low voltage products at Bangalore - catering to the wind power sector. The Company is one of the leading players in the solar sector and supplied core electrical and automation components for up to 189 MW of solar capacity (as of third quarter) in 2013.

Your Company is a leader in energy efficient technologies. The Company's innovations in energy efficient drives and control technology contributed to significant energy savings for its customers across industrial sectors. The Company's smart grid and DC transmission technologies helped efficient long distance transmission of power and reduced the environmental impact.

Supply chain sustainability

The Company understands that a considerable share of its product footprints lie within the supply chain. Cognizant of this inseparable link, the Company's sustainability commitments and policies extend to its supply chain as well. The Company's OHS, Environment, Human Rights, and Social policies spell out the respective requirements for suppliers and contractors.

The ABB Supplier Code of Conduct is the core document on which the Company builds its efforts to source responsibly and in accordance with sound corporate values. The Supplier Code of Conduct defines requirements for ABB suppliers and is integrated with the General Terms and Conditions. The Company considers its suppliers to be part of the 'Extended Enterprise' and demand that they conduct their business consistent with the standards and principles of the Company. Complying with the applicable environmental and OHS regulations and internationally proclaimed human rights standards and ensuring equality of opportunity are expected as the minimum level of commitment.

Some of the specific supplier requirements are as follows-

- Suppliers must not employ children or support the use of child labour, make use of forced labour or harass or discriminate against employees
- Suppliers must respect the rights of employees to freely associate and bargain collectively
- Suppliers must comply with applicable laws and industry standards on working hours and offer adequate wages to their employees
- Suppliers must provide a safe and healthy workplace for all of its employees
- Suppliers must commit to environmental protection and conduct their business in an environmentally sensitive way

The Company has implemented a Supplier Sustainability Development Program (SSDP) as part of a comprehensive sustainable sourcing initiative. The goal of the SSDP is to ensure compliance with the Supplier Code of Conduct, to support continual improvement of the sustainability performance of suppliers and to provide customers with a highly competitive and sustainable supply chain. Under the program, the Company trained both suppliers and Company employees, and carried out independent third party supplier audits to identify areas of improvement in the following areas.

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

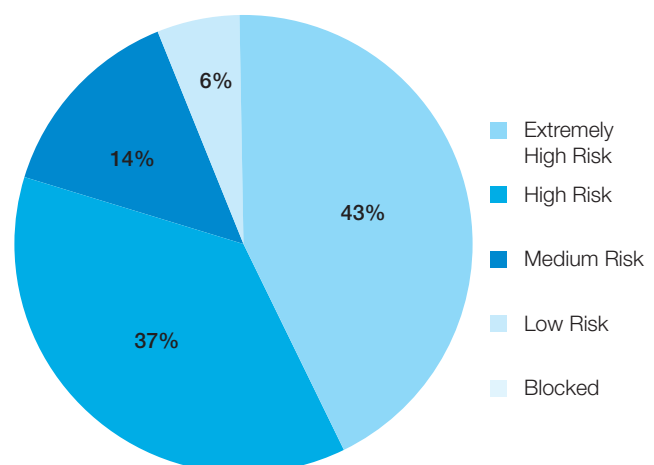
Besides the training offered under the SSDP, the suppliers have access to the ABB Supplier Sustainability Implementation Guide which provides practical advice on how to meet the requirements of the Supplier Code of Conduct.

In 2013, 115 suppliers have been trained on sustainability requirements and 45 of them were assessed on such requirements. With these, the total number of suppliers trained under the program since 2009 stands at 211 (may include suppliers who have undergone repeat trainings) and the total number of suppliers assessed stands at 121.

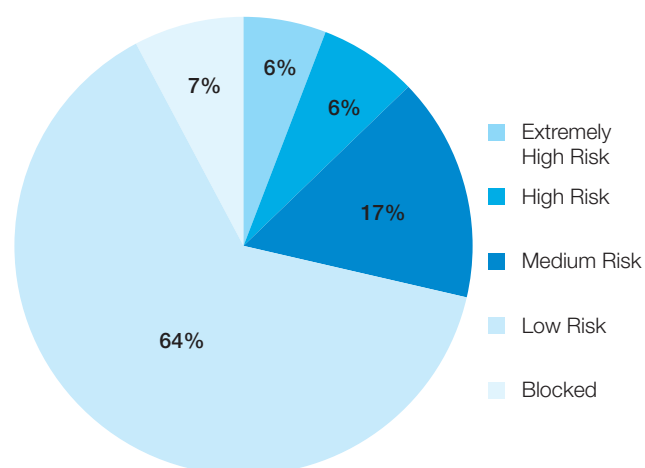
During 2013, over 171 employees were trained in the program and internal teams made over 70 visits to the suppliers to assess their systems.

This program helped the participating suppliers identify and mitigate risks and strengthen their systems. Through this program, the risk profiles of the selected suppliers have shown steady improvement, as depicted in the charts below (the charts represent the risk profiles of suppliers selected from 2009 to 2013 before and after corrective actions under the SSDP). At the end of 2013, eight 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



Revised risk profile of suppliers



The Company is revisiting its sourcing process and is adopting additional controls. The Company is institutionalizing a process to collect detailed information about the suppliers' sustainability practices even before the qualification phase begins and to systematically evaluate sustainability performance of suppliers while they are in business with the Company.

The Company has a large supplier base that includes small, medium and large enterprises. The supplier selection process is non-discriminatory and provides equal opportunities to the SME sector as well as large enterprises. SMEs constitute 12 percent of the vendor base and a considerable share of the order value in 2013.

Stakeholder Engagement

The Company follows the ABB Group's sustainability strategy for '2015 and beyond' which was developed based on a global stakeholder survey of nearly 600 individuals including employees, customers, suppliers, investors, governments, academics, NGOs, students and specialists. In an effort to meet the expectations of the stakeholders, the Company proactively engaged with its key stakeholders during the year. As a result of ongoing internal and external stakeholder engagement, the Group launched new Sustainability Objectives at the end of 2013, covering the period 2014-2020. These objectives, covering areas such as products and services, resource efficiency, responsible operations and stakeholder relations, are Group-wide and will be reflected in the activities of the Company in coming years.

People Well-Being

The Company is dedicated to its people and continued to invest significant resources in them. The Company added 363 new employees in 2013 and trained them to help them perform to their potential.

The Company understands that the best way to retain people and to get the best out of them is to provide them best-in-class environment. The level of support, career development and opportunities that employees enjoy is among the best in the business world. Your Company was ranked 12th overall and 5th in its own sector in the 2013 'Business Today-PeopleStrong Survey' for 'The Best Companies to Work for'.

The Company believes that employees perform their best when their interests and skills are in line with their job; and the Company tries to

facilitate and enable this fit. The Company supports career development by creating opportunities and offering numerous processes and tools to enable the right opportunity-skills fit. The Company's career development processes and tools include regular performance and development reviews, a talent management process, talents profile for better internal visibility, well defined career paths, internal promotions, and global mobility.

The Company has invested in talent development through an array of learning programs. The Company has learning programs that are designed for all employees; for their technical and professional development as well as managerial development. Training is an ongoing process; the Company provided close to 14 hours of training per employee 2013.

The Company believes that diversity and inclusiveness in its workforce is essential to its success in today's marketplace. Therefore, the Company is dedicated to being inclusive, as well as recognizing and respecting all aspects of what makes someone unique. Built around the Company's diversity commitment, there are a number of ongoing programs to strengthen the presence of women in executive, functional and factory roles. Workshops for line managers to strengthen understanding of the business value of diversity and inclusiveness, efforts to increase the number of women in the interview pipeline as well as on the shop floor, and providing child care centers are some among them.

In line with the focus on diversity, the Company has undertaken the following initiatives in 2013.

- To further consolidate the focus on ensuring higher diversity across all levels, the Company has increased the number of universities for campus hiring to include 5 all women engineering colleges
- To strengthen succession planning with more diverse leaders, there is a leadership development program underway to provide focused development for 8 women managers
- Launched anti-harassment training for all employees as a mandatory training in line with the new Anti Sexual Harassment Law
- Eight Anti-Harassment Committees have been set up in different locations in line with the Law and guidelines laid out by the Supreme Court of India
- Sponsored the first Disability Matters conference and eight members from the business attended the conference
- Planning is underway to identify factory lines and work areas where differently-abled people can be included in the workforce
- Workshops on Inter-Cultural Sensitivity for expatriate and India managers working on global assignments have been facilitated

As part of the Company's efforts to support women and encourage more women to become engineers, the ABB Group has partnered with The Women's Forum since 2012. The Women's Forum brings together leaders from business and government all over the world to share new perspectives on the key commercial, political and social questions of today and tomorrow. The goal is to create a powerful network to strengthen the influence of women internationally and to draw up innovative and concrete action plans to encourage women's contribution to society. The forum offers talks from some of the most innovative and talented thinkers and doers in business, media, civil society and academia, along with debates, opportunities for networking and practical learning sessions.

Employee well-being fact sheet

Total number of employees	6,371
Apprentice / Interns / Trainees	984
Total number of employees hired on contractual basis	239
Number of women employees	356
Number of permanent employees with disabilities	28
Recognized employee association	Yes
Percentage of permanent employees who are members of the recognized association	20.5%

Note: Unless otherwise stated, all values are as of December 31, 2013.

Customer engagement

During the year, the Company hosted many programs and events to proactively engage with the customers. The Company organized seminars on various topics including energy efficiency and grid-reliability across different locations. The Company extended its customer engagement by actively participating in relevant and prestigious events such as Vibrant Gujarat (Ahmedabad), ELASIA (Bangalore), GRIDTECH (New Delhi), POWER-GEN (Mumbai), INMEX (Mumbai), and INTERSOLAR (Mumbai).

The Company values and respects its customers and strived to meet or 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. In the survey carried out in 2013, more than 50 percent of the customers responded. The NPS score in 2013 rose to 40 percent from 29 percent in 2012.

The Company has implemented a transparent Customer Complaint Resolution Process (CCRP) that can be accessed by customers directly or through a Company employee to register complaints. Customer complaints registered in CCRP are studied and appropriate remedial actions are taken. The number of complaints submitted in 2013 was 12 percent lower than the number in 2012. In 2013, close to 87 percent of all customer complaints logged were resolved; most of them were resolved on or before the resolution date agreed with the customers. The remaining complaints are awaiting validation from customers although they have been resolved from the Company's side.

Community engagement

The Company seeks to be a good corporate citizen. The core areas of corporate citizen initiatives are in the areas of human rights, education, rural electrification program, and scholarships through the Group Foundation. Through the Social and Human Rights policies, the Company is committed to engage with the communities in initiatives that actively foster economic, environmental, social and educational development and to promote human rights through such activities.

One of the initiatives to give back to the community and foster inclusive growth is the project in Vadodara and Nashik to provide employment to differently-abled people. The Company continued to outsource a part of the electrical relay assembly and stationary manufacturing activities from the manufacturing units in Vadodara and Nashik to local NGOs who in turn employed about 50 differently-abled people for the outsourced work. The Company provided the raw material and fabric kits as well as training at both the Company premises and on-site.

The Company supports schools in developing infrastructure in order to facilitate primary education and enrich the learning experience of the economically and socially disadvantaged. The program benefited nearly 4,744 children in 2013. The mid-day meal program undertaken at Bangalore benefited about 1,600 children in 2013. The community medical checkup program in Bangalore handled about 100-120 patient visits per week in 2013.

The ABB Group launched the landmark "Access to electricity" rural electrification program in 2002 as a part of its commitment of giving back to the community. This highly successful program helped remote communities with no access to electricity improve their social, environmental and economic standards.

The first of the "Access to electricity" projects in India was implemented in the Barmer and Jodhpur districts in the state of Rajasthan in 2005. The project established under a public-private partnership (PPP) model provides solar power to several desert hamlets in the Barmer and Jodhpur districts. The costs of installing the systems were equally shared by ABB Group, the State Government, and the villagers. The project covers nearly 1,100 households benefiting more than 7,000 people.

In 2013, 300 households in the project villages received support to replace batteries of the domestic solar photovoltaic lighting systems. The support extended included sharing 40 percent of the cost (the beneficiary pays 60 percent), identifying a suitable vendor of quality batteries, and locating an organization approved by the Government of India to collect and recycle the old batteries. The ABB Group spent nearly INR 600,000 on the project.

The benefits of the electrification project in Rajasthan include, but are not limited to, the following.

- Increased productivity of local weavers and tailors (who constitute about 30 percent of the households) through extended work hours at night and avoiding searing daytime temperatures which can rise as high as 50 degrees Celsius
- Solar powered lights replaced kerosene lamps thereby reducing fire risk (from storage and use of kerosene) and adverse health impacts from kerosene fumes and smoke from kerosene lamps
- Extended study hours for children at home

The "Access to electricity" project in a remote hamlet in the Sundarbans area in the state of West Bengal has made electricity accessible to the local tribal community that has no access to power grid. The project was commissioned in August 2012 in collaboration with the NGO, World Wildlife Fund (WWF). Under the project, the villagers can receive charged batteries for a nominal sum of money from a centrally-located charging station, which has a generating capacity of 4.1 kilowatts of power from solar energy. About 60 households and 20 shops continued to benefit from the initiative throughout 2013. The project is administered by a council of five women and two men from the village. The small amount collected from the beneficiaries of the program is deposited in a bank account managed by the council. The funds in the account will be used for maintenance of the system and battery replacements when required so that the project becomes self-sustaining.

The Sundarbans project benefited the local communities through extended hours of economic and educational activities as well as reduced adverse health risks from potential exposure to kerosene fume and smoke. The communities also benefited by the empowerment of local women through training and their administrative role in the project.

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
WWF

Your Company is a member of the following national organizations.

Confederation of Indian Industry (CII)
India Trade Manufacturers Association (ITMA)
Institution of Electronics and Telecommunication Engineers (IETE)
Indian Electrical and Electronics Manufacturers' Association (IEEMA)
Other State and local chambers of commerce and industry

Respecting and promoting human rights

The Company is committed to developing an organizational culture which implements a policy of support for the internationally recognized human rights standards and seeks to avoid complicity in human rights abuses.

Founded on the Universal Declaration of Human Rights, the ILO Core Conventions on Labour Standards, and the OECD Guidelines for Multinational Enterprises, the ABB Group Human Rights Policy seeks to identify, assess, and manage human rights impacts within its sphere of influence and activities. The Company's human rights commitments are integrated into the Social Policy, internal risk assessment process and guidelines, and the Supplier Code of Conduct.

The Company's performance in the area of human rights is reported, as per the GRI reporting criteria on the topic, in the ABB Group Sustainability Report along with the performance of other country operations.

Integrity, transparency, and accountability

'Power and productivity for a better world' symbolizes what the Company does for businesses and communities. But the Company focuses not only on delivering on this promise, but also on the means of delivering it. Your Company seeks to do its business to the highest standards of

ethics and integrity. The Company's commitment includes supporting efforts of national and international authorities and organizations to establish and enforce high integrity standards for all businesses. The Company's ethical and integrity principles are integrated into the ABB Code of Conduct for employees. The Code of Conduct has been made available in the local languages Hindi, Kannada, Gujarati, and Marathi. Agreements with suppliers, subcontractors 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.

The Company has set high standards of integrity, which are expected of every employee and in every country where the Company has business operations. Through a deliberate and systematic approach and zero-tolerance for violations, the Company has strived to embed integrity in the organization.

The Company has an integrity program that is built on the ABB Group Code of Conduct, which is the integrity framework that describes the behavior expected of employees and other stakeholders in their day-to-day work. The Code of Conduct is 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 fraud. The Code of Conduct draws on a strong set of internal standards and policies and provides implementation guidelines. The Company's policies strictly forbid bribery and corruption by any of its employees, in line with 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 current and new employees are required to take Code of Conduct training.

Company has a strong program to detect and prevent non-compliant behavior and other integrity concerns. The internal audit department conducts frequent anti-bribery reviews throughout the year. Employee surveys are conducted to understand attitudes, awareness and perceptions of integrity within the Company. The Company encourages employees and other stakeholders to speak up and report integrity non-compliance and concerns. The ABB Group whistle blower protection policy protects employees who report behavior and practices that are or suspected to be inconsistent with the Code of Conduct.

Multiple channels are available for reporting integrity concerns. A third-party-run multilingual and confidential Business Ethics Hotline is available 24 hours a day, seven days a week to all employees. A Stakeholder Hotline is available to external business partners. The Company also has an Ombuds program, which offers an additional route for integrity reporting. Currently, the Company has six Ombudspersons who are experienced business colleagues who take on the Ombuds role in addition to their main job and are available for discussion and to provide confidential guidance.

The Company investigates all potential integrity concerns and cooperates fully with law enforcement agencies. A strict zero-tolerance policy for violations is enforced through systematic disciplinary actions.

Links to the Company Policies and Programs

Sustainability:

<http://www.abb.co.in/cawp/abbzh258/235c6a4c193429f3c12569680050e09f.aspx>

OHS Policy:

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

Environmental Policy:

<http://www.abb.com/cawp/abbzh258/20d663570aa2a7e0c1256d3c005b8fe6.aspx>

Social Policy:

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

Human Rights Policy:

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

Code of Conduct:

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

Supplier Code of Conduct:

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

Integrity Program (ABB Group):

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

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>

Notice to the Members

NOTICE is hereby given that the SIXTY FOURTH 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 Monday, May 5, 2014** at 11.00 A.M. (IST) to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at December 31, 2013 and the Audited statement of Profit & Loss for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Gary Steel, who retires by rotation at this Annual General Meeting, and being eligible, offers himself for re-election.

Special Business:

4. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** M/s. S. R. BATLIBOI & ASSOCIATES LLP, Chartered Accountants, having ICAI Firm registration number 101049W, be and are hereby appointed as the Statutory Auditors of the Company who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors of the Company.”

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** Mrs. Renu Sud Karnad, who was appointed as an Additional Director by the Board of Directors of the Company, pursuant to Section 260 of the Companies Act, 1956 and Article 152 of the Articles of Association of the Company and who holds office upto the date of the ensuing Annual General Meeting under Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

By Order of the Board
For ABB India Limited

B. Gururaj
Company Secretary

Vadodara, February 18, 2014

Registered Office:
2nd Floor, East Wing
Khanija Bhavan
49, Race Course Road
Bengaluru – 560 001

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 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.
2. The Explanatory Statement pursuant to **Section 102** of the Companies Act, 2013, setting out the material facts in respect of special business under Item No. 4 & 5 are annexed hereto.
3. Members 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 29, 2014 to May 5, 2014** (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 **May 5, 2014**, 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 28, 2014** 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 28, 2014**.
6. Members are requested to note that dividends not encashed or remaining unclaimed for a period of 7 (seven) years from the date of transfer to the Company's Unpaid Dividend Account, shall be transferred, under Section 205A of the Companies Act, 1956, to the Investor Education and Protection Fund, established under Section 205C of the said Act.
7. Members who have not yet encashed the dividend warrant(s) from the financial year ended December 31, 2006 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, 2005, have been transferred to the Investor Education and Protection Fund.
8. Members are requested to intimate, indicating their folio number, the changes, if any, in their registered addresses, 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 holding shares in physical form can avail of the nomination facility by filing Form 2B (in duplicate) with the Company's Registrar and Share Transfer Agents which will be made available on request and in case of shares held in dematerialised form, the nomination has to be lodged with their DP. Members holding shares in the dematerialized form may contact their DP for recording nomination in respect of their equity shares.
10. 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.
11. As required under Clause 49 (IV) (G) 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.
12. Shareholders, intending to require information about the Financial Accounts to be explained 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.
13. Members are requested to attend the meeting along with the copy of the Annual Report, already received by them.
14. 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.
15. Attention of the Members is drawn to the fact that wherever provisions of the new Companies Act, 2013 have already come into force, the Company has adopted the same and reference of those Sections have been made accordingly.

Annexure to Notice

Explanatory Statement under Section 102 of the Companies Act, 2013

Item No. 4

M/s. S.R. BATLIBOI & CO. LLP, Chartered Accountants, having ICAI Firm registration number 301003E, the retiring Auditors of the Company, have conveyed their inability to seek re-appointment as the statutory auditors of the Company. Based on the recommendation of the Audit Committee, the Board of Directors at its meeting on February 18, 2014 appointed,

subject to the approval of the members at the forthcoming Annual General Meeting, M/s. S.R. BATLIBOI & ASSOCIATES LLP, Chartered Accountants, having ICAI Firm registration number 101049W, an affiliate of the retiring auditors, as the statutory auditors of the Company. M/s. S.R. BATLIBOI & ASSOCIATES LLP have conveyed their willingness to be appointed as the statutory auditors of the Company and confirmed that their appointment, if made, would be within the limits prescribed in Section 224(1B) of the Companies Act, 1956. If appointed by the members at the forthcoming Annual General Meeting, M/s. S.R. BATLIBOI & ASSOCIATES LLP will hold office from the conclusion of the ensuing Annual General Meeting up to the conclusion of the next following Annual General Meeting.

Item No.5

Mrs. Renu Sud Karnad was appointed as an Additional Director by the Board of Directors of the Company at its meeting held on August 9, 2013, pursuant to Section 260 of the Companies Act, 1956 and Article 152 of the Articles of Association of the Company. Accordingly, Mrs. Karnad holds office as a Director upto the date of the ensuing Annual General Meeting of the Company and is eligible for re-appointment as a Director. Her retirement and eligibility for re-appointment is also in line with Section 161 of the new Companies Act, 2013.

The Company has received notice, along with the deposit as prescribed in the Companies Act, 1956 from a member, proposing the candidature of Mrs. Karnad, for the office of Director.

The Board of Directors of the Company considers Mrs. Karnad's association as a Director will be beneficial and in the interest of the Company. The Directors recommend the ordinary resolution for your approval.

Mrs. Karnad is interested to the extent of receipt of commission and sitting fees payable to her.

Other than Mrs. Karnad, none of the directors nor key managerial personnel of the Company nor their relatives are, in any way, concerned or interested in the proposed Resolution.

By Order of the Board
For ABB India Limited

B. Gururaj
Company Secretary

Vadodara, February 18, 2014

Registered Office:
2nd Floor, East Wing
Khanija Bhavan
49, Race Course Road
Bengaluru – 560 001

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	Mr. Gary Steel	Mrs. Renu Sud Karnad
Date of Birth / Age	25.11.1952 / 61 years	03.09.1952 / 61 years
Date of Appointment on the Board	20.02.2009	09.08.2013
Qualification	Bachelor of Commerce – University of Edinburgh, Scotland	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>Mr. Gary Steel was Head of Human Resources for the ABB Group and Member of the Group Executive Committee of ABB till November 15, 2013. Gary joined Shell Chemicals, UK in 1976 and held various positions in different divisions and subsidiaries of the company up till 2002 when he took over as Human Resources Director, Group Finance at Shell. In January 2003 he moved to ABB where he assumed his current responsibilities. Since then, he has been instrumental in implementing important HR strategies and initiatives across ABB.</p> <p>Mr. Gary Steel is having expert knowledge in Human Resources for more than 3 decades.</p>	<p>Mrs. Karnad is the Managing Director of Housing Development Finance Corporation Ltd., and is a distinguished business leader with 33 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.	ABB Global Industries and Services Ltd.	<p><u>Public Limited companies</u></p> <ol style="list-style-type: none"> 1. Bosch Limited 2. Credit Information Bureau (India) Ltd. 3. Gruh Finance Limited 4. Housing Development Finance Corporation Ltd. - 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. Akzo Nobel India Ltd. 11. Indraprastha Medical Corporation Ltd. 12. EIH Limited 13. United Spirits Limited <p><u>Private Limited companies</u></p> <ol style="list-style-type: none"> 1. Credila Financial Services Pvt. Ltd. - Chairperson 2. Feedback Infrastructure Services Pvt. Ltd. 3. G4S Corporate Services (India) Pvt. Ltd. 4. Lafarge India Private Limited. <p><u>Section 25 company</u></p> <ol style="list-style-type: none"> 1. HT Parekh Foundation
Memberships / Chairmanships of committees across all companies	Nil	<p>Audit Committee Memberships:</p> <ol style="list-style-type: none"> 1. HDFC Ergo General Insurance Co. Ltd. 2. United Spirits Ltd. <p>Audit Committee Chairpersonships:</p> <ol style="list-style-type: none"> 1. Bosch Limited 2. Credit Information Bureau (India) Ltd. 3. Akzo Nobel India Ltd. <p>Investors' Grievance Committee Memberships:</p> <ol style="list-style-type: none"> 1. Bosch Ltd. 2. United Spirits Ltd.
Shareholding of Non-Executive Directors in the Company	Nil	Nil

Directorships in foreign companies, membership in governing councils, chambers and other bodies, Partnership in firms etc., are not included. Memberships in non-mandatory Committees are also not included.

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 Fourth Annual Report and Audited Accounts for the year ended December 31, 2013.

Financial Results

	(Rs in Crores)	
	For the year ended December 31, 2013	For the year ended December 31, 2012
Profit Before Taxation	272.47	206.21
Less: Provision for Tax		
- Current Tax	108.48	61.20
- Deferred Tax	(12.90)	7.60
Profit After Tax	176.89	137.41
Profit of Baldor Electric India Private Limited for the period April 1, 2012 to December 31, 2012	2.42	-
of the previous year on amalgamation		
Profit for the year after giving impact of amalgamation	179.31	137.41
Balance Brought Forward from last year	85.04	85.51
Amount available for Appropriation	264.35	222.92
Appropriations		
General Reserve	100.00	64.00
Proposed Dividend	63.57	63.57
Corporate Dividend Tax	10.81	10.31
Corporate Dividend Tax (previous years)	0.49	-
Balance Carried Forward	89.48	85.04
	264.35	222.92

Dividend

Your Directors recommend payment of a dividend at the rate of Rs 3/- (Rupees Three only) per share for the year ended December 31, 2013 on 21,19,08,375 equity shares of Rs 2/- each.

Performance Review

The Company secured orders valued Rs 6,717 crores in 2013 as against Rs 6,966 crores in the previous year. Base orders from wider spectrum of customers helped offset the paucity of large projects in the market. Exports grew annulling the effect of a contraction in domestic market opportunities. The company continued to tap sectors like Renewable energy, Data center, Railways, Grid stability, Mining that look increasingly promising now and for the future. The order backlog at the end of the year stood at Rs 7,709 crores which continued to give more visibility to the future revenue streams. The revenues for the Company for the year 2013 stood at Rs 7,632 crores as against Rs 7,565 crores in the previous year, reflecting stability of operations in an uncertain market situation. Profit before tax was at Rs 272 crores in 2013 improved as compared to Rs 206 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 stood at Rs 179 crores for the current year as compared to Rs 137 crores in the previous year. Consequently the earnings per share for 2013 stood at Rs 8.46 per share as compared to Rs 6.48 in 2012.

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

Amalgamation of Subsidiary Company

The Hon'ble High Court of Bombay vide its Order dated September 27, 2013 has sanctioned the Scheme of Amalgamation of Baldor Electric India Private Limited (Baldor) with your Company. The Scheme has become effective on November 1, 2013 with appointed date being April 1, 2012. Baldor was a wholly owned subsidiary of the Company.

Members' attention is drawn to Point No.27 (b) in Notes to Accounts, on Scheme of Amalgamation and treatment of accounts.

In this regard, it is to be noted that the adoption of the Audited Balance Sheet as at December 31, 2013 and the Audited Statement of Profit and Loss as mentioned in item No.1 of the Notice will also cover the approval of this accounting treatment.

Transfer to Investor Education and Protection Fund

In terms of Section 205C of the Companies Act, 1956, the unclaimed dividend amount aggregating to Rs 14.16 lakhs lying with the Company for a period of seven years pertaining to year ended on December 31, 2005, was transferred during the year 2013, 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.

Health, Safety and Environment

Firmly rooted in the ABB Group's sustainability strategy that underscores the knowledge that health, safety and environment is good for your Company's business and its customers. Your Company has integrated health, safety and environment into all its business activities which drive a strong and sound commitment within the Company and contribute to its stakeholders. Health, safety and environment, continues to be one of the Company's focus areas. Your Company's commitment to ensure the health, safety and security of employees, contractors and others affected by business operations has been implemented through certifications of its facilities along with strict adherence to its Supplier Code of Conduct. The Company continues its commitment to avoid and/or minimize the impact of its business activities on the environment.

All the major facilities of the Company are certified under the ISO 14001 and OHSAS 18001 standards.

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, 2013 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

As required under Clause 49 of the Listing Agreement with Stock Exchanges, a report on Corporate Governance and a Certificate from M/s. D. R. Shreshtha & 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, Business Responsibility Report is provided in the Annual Report.

Directors

Mr. Francis Duggan resigned as a Director of the Company effective May 7, 2013. Mr. Arun Kanti Dasgupta resigned as a Director of the Company effective May 8, 2013 and Mr. N S Raghavan, resigned as Director of the Company effective August 20, 2013. Your Directors place on record their appreciation of the valuable services rendered by the aforesaid Directors during their tenure as Directors of the Company.

Mrs. Renu Sud Karnad has been appointed as an Additional Director on the Board of the Company on August 9, 2013 and holds office upto the date of the forthcoming Annual General Meeting and is eligible for appointment.

Mr. Gary Steel, Director of the Company is due to retire by rotation at this Annual General Meeting and is eligible for re-appointment.

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

Change of Name

Consequent to the approval of members in the last annual general meeting and subsequent approval from the Central Government, the name of your Company has been changed from "ABB Limited" to "ABB India Limited" effective June 14, 2013.

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.

Auditors

M/s. S.R. BATLIBOI & CO. LLP, Chartered Accountants (ICAI Firm Registration No 301003E), the retiring Auditors of the Company, have conveyed their inability to seek re-appointment as the statutory auditors of the Company at the ensuing Annual General Meeting.

Based on the recommendation of the Audit Committee, the Board of Directors at its meeting held on February 18, 2014 appointed, subject to the approval of the members at the forthcoming Annual General Meeting, M/s. S.R. BATLIBOI & ASSOCIATES LLP, Chartered Accountants, having ICAI Firm registration number 101049W, an affiliate of the retiring auditors, as the statutory auditors of the Company from the conclusion of the ensuing Annual General Meeting. M/s. S.R. BATLIBOI & ASSOCIATES LLP, Chartered Accountants, have conveyed their willingness to be appointed as the statutory auditors of the Company and confirm that their appointment, if made, would be within the limits prescribed in Section 224(1B) of the Companies Act, 1956.

The subject of appointment of M/s. S.R. BATLIBOI & ASSOCIATES LLP, Chartered Accountants, in place of existing statutory auditors M/s. S.R. BATLIBOI & CO. LLP, Chartered Accountants, is being placed before the members for approval at the ensuing Annual General Meeting.

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 2013. Cost Audit reports for the year 2012 filed on June 28, 2013, 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 its 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

Gary Steel
Chairman

Vadadora, February 18, 2014

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 2013 included:

- Regulating operational timing for high power consuming items on shop floor
- Set the temperature of all AC offices to an optimum level
- Reduced loss of compressed air by closing outlet valves of all air receivers at the end of the shifts
- Maintained the compressed air pressure to its optimum value and arrested all the leakages
- Pneumatic system has been interlinked for various buildings to minimize the compressor operation
- Installed timer to lamps in common areas, to ensure maximum utilization of natural lighting
- Press Break machine installed in which the motor works only during bending
- Operating at power factor, with equal balancing of load in the 3 phases
- Regular monitoring on local electrical feeder's by using local energy meters
- Water conservation by installing level sensors on water tanks to avoid overflows
- Evaporator working time reduced by separating ETP process for low conductive and high conductive waste water in Vacuum Interrupter plant
- Use of solar heater for canteen water heating
- Regular awareness trainings to employees at location pertaining to energy conservation
- Proper communication, planning and regular preventive maintenance of existing power network system
- Energy audit and taking corrective actions

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 2013 as a result of measures taken is estimated at one million kWh units of energy. This saving however, has no appreciable impact on cost of goods, as the Company's production processes are not energy intensive.

Form A

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

1.1	Power and fuel consumption:	2013	2012
1.	Electricity		
(a)	Purchased (Units in kWhr Thousands)	11,218	11,168
	Total amount (Rs in Thousands)	69,273	67,343
	Rate / kWhr Unit (Rs)	6.17	6.03
(b)	Own generation		
	Through diesel generator		
	(Units in kWhr Thousands)	361	1,055
	Units generated per liter of diesel	2.87	2.93
	Oil cost / kWhr Unit (Rs)	19.16	13.97
2.	Briquette		
	Quantity (Tonnes)	-	1,295
	Total amount (Rs in Thousands)	-	5,545
	Average rate / Tonne (Rs)	-	4,282
3.	Furnace oil		
	Quantity (Litres in Thousands)	137	111
	Total amount (Rs in Thousands)	6,622	5,480
	Average rate / Litre	48.32	49.47
4.	Paddy husk		
	Quantity (Tonnes)	10,990	8,425
	Total amount (Rs In Thousands)	51,801	36,887
	Average rate / Tonnes (Rs)	4,713	4,378
1.2	Consumption per tonne of production		
	Electricity (Units)	1,242	1,448
	Furnace oil, Paddy husk and Briquette (Equivalent Litres)	372	388

2. Technology absorption, adaptation and innovation

2.1 Technical development, product improvements and technology adaptation and innovation in collaboration with ABB Group's technology pool;

- Bench marked products like Formula MCCB and ACB
- Compact range of MCBs S200M 10kA 0.5A – 63A, B, C, D curve
- SHD200 range Isolators
- M 500 Hotel load traction converter
- Diesel electric multiple unit converter system
- 1000 KW solar inverter
- Solar pump drive for ACS355
- IE2 series LV motors
- Development of pilot devices, Electronic protection relay
- DC Contractor
- 145 kV Gas Insulated Switchgear, 1200 kV Dead Tank Breaker (Mixed technology solution)
- Distribution transformers upto 2.5 MVA 36 kV
- Aluminum wound small power transformer
- 54.73MVA, 33/0.44-30kV regulating transformers with multi coarse OLTC (71 steps) with roof mounted coolers placed at 12 meter height
- 5 MVA 22 kV dry type transformer
- 2.5 MVA dry type transformer with on-load tap-changer
- IP 56 & IP 65 protection in frame sizes 71 – 250
- Process Master (Flowmeter) production line installed and operationalized
- New recorder – SM500 production line installed and operationalized
- Temperature transmitter TTF 300 installed and operationalized
- ZN1 – A new platform product (both Switchgear and Vacuum Circuit Breaker) with Vacuum switching technology (VInd) for low end of the distribution system
- Launch of service trucks for ZN1 switchgear
- 605 series relays for low end switchgear
- Surge capacitors
- Higher kVAR STATCON
- Aluminum bus bar termination for E1 – E3 breakers
- Unitrol 1010 and 1020 static excitation system
- Relay 601 series V2.2 and remote IO low voltage power supply
- 800 kV shunt reactor
- Outdoor vacuum circuit breaker OVB-SDB revalidated as per the latest IEC with improved mechanical performance

- Evaluation / validation of OVB – VBF 36 kV for short line application of overhead application and its suitability for fast raising transient voltages, capacitor current switching applications
- Unipack with low voltage solution
- Ring main unit cable box enhanced IAC rating
- Jigs and fixtures for testing ACB, MCCB and switch components / products
- MCCB T4 - T5 assembly
- R1 Burnin oven Jig for testing 15 Amps (R2 Frame)
- E - Coach Implemented
- New series HV motors AMI 560/630 range technology in the range upto 8 MW 13.8 kV
- Implementation of product data replicator (PDR) for process master
- Symphony Plus (S+) operations for HMI upgrades for P13 and Melody DCS System
- Symphony Plus (S+) DCS for thermal power plants
- Symphony Plus (S+) for solar PV plant SCADA application
- LOC boxes for solar thermal application (using AC500 PLCs and National Renewable Energy Laboratory (NREL) algorithm for sun tracking)

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

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

- Unigear double bus bar switchgear	2009
- TEFC range of machines (HXR range) 100 – 1400kW	2009
- Contractors size 3, 4 & 5	2009
- ACS 510 drives for general purpose industry	2009
- Global cabinet design LV drives and ACS 5000 MV drives	2009
- 145 kV new design LTBD circuit breaker	2009
- Dry Type transformer	2009
- Shunt reactor 50 MVA, 400 kV	2009
- 765 kV power transformer	2010
- 765 kV circuit breaker	2010
- Propulsion and auxiliary traction converters	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

All technologies are fully absorbed except Single coil actuator (magnetic actuator) and 420 kV GIS.

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 Rs 1,160 crores reflecting growth of 28% over previous year. The export revenues during the year were Rs 1,023 crores, reflecting a growth of 9% over previous year. Orders were higher in Low Voltage products and Power Products segment.

Power Products segment has continued its focus to expand its global market share for Breakers, Capacitors, HV Disconnectors, HV Instrument Transformers, MV SafeLink Circuit Breakers and Large Power Transformers. The segment has developed new markets in countries such as Azerbaijan, Bulgaria, Georgia, Lebanon and Mozambique for HV Disconnectors and HV Instrument Transformers; Azerbaijan, Georgia, Lebanon and Tanzania for HV Circuit Breakers and Bahrain, Turkey and Pakistan for STATCON Capacitors. The medium voltage business unit has introduced the SafeLink Circuit Breaker in South Africa. The Transformers business unit has received orders for Power Transformers from Ethiopia, Oman, Mozambique, Uruguay and Zambia and Insulation Kit Orders from Lebanon. The HV Breakers business unit bagged large orders for Innovative AIS Solution as Withdrawable Indoor Breakers from Denmark, Norway, Peru, Spain and Switzerland, Large Frame contract of 72.5 kV Breakers in Brazil. The medium voltage business unit bagged Unigear ZS1 panels orders from Kuwait and Kenya. This segment is also focusing on increasing in volume through ABB Group Internal channels worldwide.

Low Voltage products segment had a significant increase in both export orders and revenues over the previous year. Major thrust to exports during the year for this segment came from other ABB Group Companies, with major orders from ABB Brazil and ABB Singapore for supply of Low

Voltage Systems for process automation projects in Brazil. An exclusive production line under Control Products business unit has been set up for the manufacture and export of Terminal Blocks, with ABB France as the main customer. The Low Voltage products unit has received orders from Germany for Miniature Circuit Breakers and for components from Argentina. Third party exports increased to Bangladesh and Sri Lanka.

Discrete Automation and Motion segment had a marginal growth in Orders compared to previous year, mainly due to orders from ABB Indonesia for High Current Rectifiers. A major thrust to exports during the year for this segment continued to be from High Current Rectifiers, HT Machines, Wind Power Generator and LV motors. Exports revenues declined due to drop in Wind Power Generators sale due to lack of orders from traditional customers in Denmark. New COBALT model for stator and rotor in line with other Global Factories of ABB Group is under adoption in the Machines Unit of this segment. The Machines unit also received orders from ABB South Africa for 560 / 630 Frames.

Power systems segment has made consolidated efforts to achieve a sustained growth in exports. With a dedicated team to cater to the export markets, the Sub-station business unit has been successful in getting repeat orders from customers in Bangladesh, Bhutan, Nepal and Sri Lanka. The business unit received a break through order from South Korean EPC for a 132kV Switchyard in Bangladesh. It is entering into the Myanmar market by starting the business development, sales and marketing activities. It is consolidating its position in the Bhutan Market by working closely with Bhutan Power Corporation for the 33/11kV GIS Station. It has been participating in exhibitions, technical seminars in order to increase customer engagement and focus on providing

technical solutions at pre-tender stage. The Consulting and Grid Systems business unit is venturing into Business development visits to South Asia and Middle East countries to explore the consulting opportunities. It is focusing on the Jordanian Government's ambitious renewable power project development plan like Grid impacts, study of solar and wind power plants to capture business opportunities.

Process Automation segment continued to book Orders from Bangladesh, Vietnam, Middle East and South Asia. Specific road shows on the portfolio were presented to local South Asian Countries to develop the local process automation requirements of Customers. The segment continued its initiatives to develop services exports, mainly to high cost countries.

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

	(Rs in Crores)	
	2013	2012
(i) Foreign exchange earned	1,180.9	1,045.6
(ii) Foreign exchange used	2,455.3	2,426.3

For and on behalf of the Board

Gary Steel
Chairman

Vadodara, February 18, 2014

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

(i) Composition / Category of Directors / Attendance at Meetings / Directorships and Committee Memberships in other companies as on December 31, 2013

Name	Category of Director	Attendance			Directorships / Mandatory Committee Memberships in Other Companies			
		No. of Board meetings held during 2013	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	1	-	-	-
Mr. Bazmi R. Husain	Managing Director		4	Yes	1	-	1	-
Mr. N. S. Raghavan +	Non-executive & Independent		1	Yes	-	12	-	-
Mr. Nasser Munjee	Non-executive & Independent		4	Yes	11	3	3	4
Mr. Darius E. Udawadia	Non-executive & Independent		4	Yes	10	7	6	-
Mr. Arun Kanti Dasgupta @	Non-executive & Independent		1	NA	1	-	-	-
Mr. Peter Leupp	Non-executive		4	Yes	1	-	-	-
Mr. Francis Duggan #	Non-executive		0	NA	-	-	-	-
Mrs. Renu Sud Karnad \$	Non-executive & Independent		2	NA	13	4	4	3

* Mr. Gary Steel attended one Board meeting held on November 6, 2013 through Video Conference

+ Mr. Raghavan resigned w.e.f. 20.08.2013

@ Mr. Arun Kanti Dasgupta resigned w.e.f. 08.05.2013

Mr. Francis Duggan resigned w.e.f. 07.05.2013

\$ Mrs. Renu Sud Karnad was appointed a Director w.e.f. 09.08.2013

Directorships in foreign companies, membership in governing councils, chambers and other bodies, Partnership in firms etc., are not included.

(ii) No. of Board Meetings held in the Financial Year 2013 and dates on which held

The Board meets at least once in a quarter to consider amongst other business, the quarterly performance of the Company and the financial results. The Board has held four meetings during the financial year 2013 i.e., on February 21, May 8, August 9, and November 6.

3. Audit Committee

(i) Terms of Reference

The Audit Committee is responsible for overseeing the Company's financial reporting process, reviewing the quarterly / half-yearly / annual financial statements, reviewing with the management on the financial statements and adequacy of internal audit function, recommending the appointment / re-appointment of statutory auditors and fixation of audit fees, reviewing the significant internal audit findings/related party transactions including fees paid to group companies like Management Services fees, Royalty and Technology fees, Support Services fees etc., reviewing the complaints received on integrity issues and the actions taken by the management thereon, reviewing the Management Discussion and Analysis of financial condition and result of operations. The Committee acts as a link between the management, external and internal auditors and the Board of Directors of the Company.

The Committee discussed with the external auditors their audit methodology, audit planning and significant observations / suggestions made by them. The Committee also discussed major issues related to risk management and compliances including review of Management letters.

The Committee also reviews the appointment / re-appointment of Statutory Auditors and Cost Auditors. The Cost Audit Report is also reviewed by the Committee.

In addition, 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 292A of the Companies Act, 1956.

(ii) Composition, name of members & Chairperson, meetings held during the year and attendance at meetings

The Company has complied with the requirements of Clause 49 of the Listing Agreement of the Stock Exchanges and Section 292A of the Companies Act, 1956, as regards composition of the Audit Committee.

The Audit Committee presently consists of four Non-executive Directors. The Committee has held four meetings during the financial year 2013 i.e., on February 20, May 8, August 9 and November 5. The composition of the Audit Committee as on December 31, 2013 and the attendance of members at the meetings of the Audit Committee held during the financial year 2013 were as follows:

Members of Audit Committee	No. of meetings attended
Mr. Nasser Munjee (Chairman)	4
Mr. N. S. Raghavan (upto 09.08.2013)	1
Mr. Darius E. Udawadia	4
Mr. Arun Kanti Dasgupta (upto 08.05.2013)	1
Mr. Peter Leupp (w.e.f. 09.08.2013)	1
Mrs. Renu Sud Karnad (w.e.f. 09.08.2013)	-

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

4. Shareholders' / Investors' Grievance Committee

The Board of Directors of the Company had set up an Investors' Grievance Committee which 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 and the Company Secretary to approve the share transfers / transmissions and accordingly, the Managing Director or the Company Secretary approve the transfer / transmission of shares.

Four meetings of Investors' Grievance Committee were held during the financial year 2013 i.e., on February 21, May 8, August 9 and November 6.

Mr. B. Gururaj, Company Secretary is the Compliance Officer of the Company.

The composition of Investors' Grievance Committee as at December 31, 2013 and attendance of the Committee members at the meetings were as follows:

Members of Investors' Grievance Committee	No. of meetings attended
Mr. Darius E. Udawadia (Chairman)	4
Mr. N. S. Raghavan (upto 09.08.2013)	1
Mr. Bazmi R. Husain	4
Mrs. Renu Sud Karnad (w.e.f. 09.08.2013)	1

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 2013 are as under:

No. of investors' complaints received during 2013	No. of investors' complaints resolved during 2013	Investors' complaints pending at the end of 2013
464	464	NIL

5. Remuneration Committee

(i) Terms of Reference

The role of the Remuneration Committee is to recommend to the Board, the remuneration package for the Managing / Executive Director(s) of the Company.

(ii) Composition, name of members & Chairperson, meetings held during the year and attendance at meetings

The Remuneration Committee presently consists of three Non-executive Directors, the Chairman being Non-executive and Independent. No meeting of the Committee was held during the financial year 2013. The composition of the Remuneration Committee as on December 31, 2013 is as under:

Members of Remuneration Committee

Mr. Nasser Munjee (Chairman)
Mr. Gary Steel
Mrs. Renu Sud Karnad

(iii) Remuneration Policy/Criteria of payments to Non-executive Directors

The Company has a credible and transparent policy in determining and accounting for the remuneration of the Executive / Non-executive Directors. Their remuneration is governed by the external competitive environment, track record, potential, individual performance and performance of the Company as well as industry standards. The remuneration determined for the Executive/Non-executive Directors is subject to the approval of the Board of Directors.

The Non-executive Independent Directors are compensated by way of a 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 Rs 20,000/- per person per meeting and for Investor Grievance Committee and Remuneration Committee the sitting fees is Rs 10,000/- per person per meeting.

(iv) Details of remuneration to all the Directors paid during the financial year 2013

(Rs in Lakhs)					
Name	Sitting Fees	Salary & Perquisites	Commission / Bonus (*)	Stock Option	Pension
Mr. Bazmi R. Husain	Nil	218.56	64.15	Nil	Nil
Mr. N.S. Raghavan	0.50	NA	6.22	Nil	Nil
Mr. Nasser Munjee	1.60	NA	7.11	Nil	Nil
Mr. Darius E. Udawadia	2.00	NA	6.22	Nil	Nil
Mr. Arun Kanti Dasgupta	0.40	NA	8.00	Nil	Nil
Mrs. Renu Sud Karnad	0.50	NA	NA	Nil	Nil

* Commission / Bonus for the year 2012 paid during 2013.

Considering the increased responsibilities of the Independent Directors, the Board at its meeting held on August 9, 2013, revised the commission payable to the independent directors from the year 2013 as under:

- (a) For Board Meetings: a fixed amount of Rs 25 lakhs per independent director based on 100% participation by way of attendance in the meetings.
- (b) For Committee Meetings: a fixed amount of Rs 3 lakhs per independent director based on 100% participation by way of attendance in the meetings.
- (c) For Chairman of the Audit Committee: a fixed amount of Rs 8 lakhs for 100% participation by way of attendance in the meetings.

Further there is no change in the Sitting Fee amount, payable to the independent directors.

The above revised commission payable to Non-Executive 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 Commission payable will be determined in such manner and proportion as may be decided by the Board from time to time.

Fixed Component / Performance Linked Incentive / Criteria

Bonus is payable to the Managing Director only, which is in line with the Contract entered 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 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. Udwardia, who is holding 3,500 equity shares, no other Director holds equity shares in the Company.

None of the Non-executive Directors has any pecuniary relationship or transactions with the Company except (a) Mr. Darius E. Udwardia and (b) Mrs. Renu Sud Karnad.

- (a) The Company has paid Rs 14.34 lakhs (excluding out of pocket expenses) to the law firm M/s Udwardia 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 legal advice. Mr. Udwardia 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. Udwardia as a Director of the Company.
- (b) Mrs. Renu Sud Karnad was appointed as an additional Director with effect from August 9, 2013. She is a Director on the Board of Lafarge India Pvt. Ltd., with which the Company is having a business relationship viz., purchase and sale of goods / equipments, turnkey projects, license of software etc., as normal business transactions, for more than 10 years before her induction viz. August 9, 2013. The Company has received orders amounting to Rs 119.47 lakhs during the period, and there were no purchases during the period. 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.

6. Subsidiary Company

Pursuant to the Order dated September 27, 2013, Subsidiary Company viz., Baldor Electric India Private Limited has been merged with the Company. Relevant forms had been filed with respective Registrar of Companies on November 1, 2013 i.e. effective date. Effective November 1, 2013, the said subsidiary company ceased to exist. Prior to the said effective date:

- the Financial Statements, in particular, the investments made by the unlisted subsidiary company were reviewed by the Company's Audit Committee as well as by the Board.
- the minutes of the Board meetings of the subsidiary company were noted at the Board meetings of the Company. Further a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company were being placed before the Company's Board, as and when applicable.

7. Risk Management

The Company has in place a mechanism to inform Board Members about the risk assessment and minimisation procedures and periodical review to ensure that executive management controls risks by means of a properly defined frame work.

8. General Body Meetings

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

For the Year	Venue	Day & Date	Time
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 (formerly Taj Residency), 41/3 Mahatma Gandhi Road, Bengaluru – 560 001.	Thursday May 10, 2012	11:00 a.m. (IST)
2010	The Atria Hotel, "Chancery", No.1, Palace Road, Bengaluru – 560 001	Tuesday May 10, 2011	3:00 p.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 10, 2011.

One Special Resolution, in respect of 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.

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

(iii) Postal Ballot

No postal ballot was conducted in the year 2013. As on date, the Company does not have any proposal to pass any special resolution by way of postal ballot.

9. 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.

(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.

- a) 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 Rs 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 is concluded accordingly.

- b) The Company has complied with the requirements of the Listing Agreement of the Stock Exchanges as well as regulations and guidelines of SEBI except clause 49(1A) in regard to composition of the Board in the year 2011. This was due to the reason that during the short period from January 1, 2011 to May 10, 2011 the number of non-independent Directors exceeded the number of independent Directors, by one Director, consequent to appointment of Mr. Biplav Majumder, as additional Director, immediately after his retirement as Vice Chairman and Managing Director.

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 of ABB Group. The employees of the Company have access to approach the Management on any issues relating to Code of Conduct/Business Ethics. ABB Group has a business ethics hotline maintained at Group's headquarter at Zurich for making complaint by anyone on integrity issues. No personnel have been denied access to 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.

Further, the Company has adopted one non-mandatory requirement of Clause 49 of the Listing Agreement, viz. Remuneration Committee of the Board, which has been constituted to determine the remuneration package of the Executive Director(s).

10. Means of Communication

(i) **Quarterly Financial Results / Official News Releases**

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

The annual results are published in Financial Express, The Mint and The Economic Times (English Daily) and Samyukta Karnataka (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.

11. General Shareholder Information

(i) **Annual General Meeting**

Day, Date, Time and Venue:

The Company will be holding its 64th Annual General Meeting on Monday, May 5, 2014 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 – 560 055.

Agenda:

- a) Adoption of Audited Accounts, Directors' and Auditors' Report
- b) Declaration of Dividend
- c) Appointment of M/s. S. R. BATLIBOI & ASSOCIATES LLP, Chartered Accountants, having ICAI Firm registration number, 101049W, Bengaluru as Statutory Auditors.
- d) Re-election of Directors retiring by rotation and re-appointment.

(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.

(iii) **Financial Year**

Company's financial year is January – December. The Indicative calendar of events for the year 2014 (January - December) excluding Extra Ordinary General Meeting(s), if any, are as under:

Fourth Quarter Financial Results (Year 2013)	February 2014
First Quarter Financial Results	May 2014
Annual General Meeting	May 2014
Second Quarter Financial Results	July 2014
Third Quarter Financial Results	October 2014

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 2013 has been 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 29, 2014 to May 5, 2014** (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 **May 5, 2014**, to those shareholders whose names appear on the Company's Register of Members as on **April 28, 2014**.

(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 and 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**

NSE
ABB

BSE
500002

ISIN
INE117A01022

(viii) **Market Price Data**

The market price data and volume of the Company's shares traded in the BSE Limited and the National Stock Exchange, during the year 2013 were as follows:

Period 2013	BSE (Rs)		BSE Sensex		NSE (Rs)		NSE Nifty	
	High	Low	High	Low	High	Low	High	Low
January	737.00	644.00	20,203.66	19,508.93	737.00	638.60	6,111.80	5,935.20
February	673.00	558.10	19,966.69	18,793.97	675.00	560.00	6,052.95	5,671.90
March	628.35	484.30	19,754.66	18,568.43	629.30	482.60	5,971.20	5,604.85
April	526.00	469.00	19,622.68	18,144.22	527.00	468.00	5,962.30	5,477.20
May	694.40	501.00	20,443.62	19,451.26	694.75	495.50	6,229.45	5,910.95
June	660.00	575.00	19,860.19	18,467.16	660.00	576.05	6,011.00	5,566.25
July	627.20	489.10	20,351.06	19,126.82	627.80	486.00	6,093.35	5,675.75
August	519.00	448.10	19,569.20	17,448.71	516.85	430.00	5,808.50	5,118.85
September	594.90	450.10	20,739.69	18,166.17	594.95	446.00	6,142.50	5,318.90
October	640.20	535.15	21,205.44	19,264.72	641.00	535.00	6,309.05	5,700.95
November	697.90	580.00	21,321.53	20,137.67	698.50	577.05	6,342.95	5,972.45
December	720.20	642.80	21,483.74	20,568.70	720.80	643.85	6,415.25	6,129.95

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

ABB Share Price Movement v/s BSE Sensex

January – December 2013

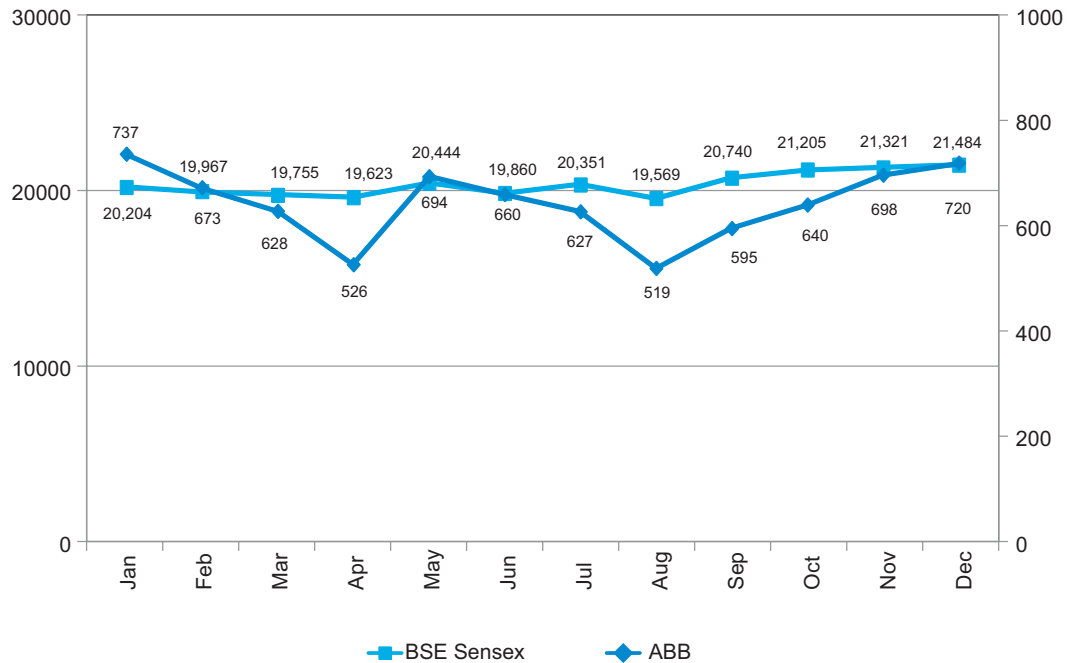
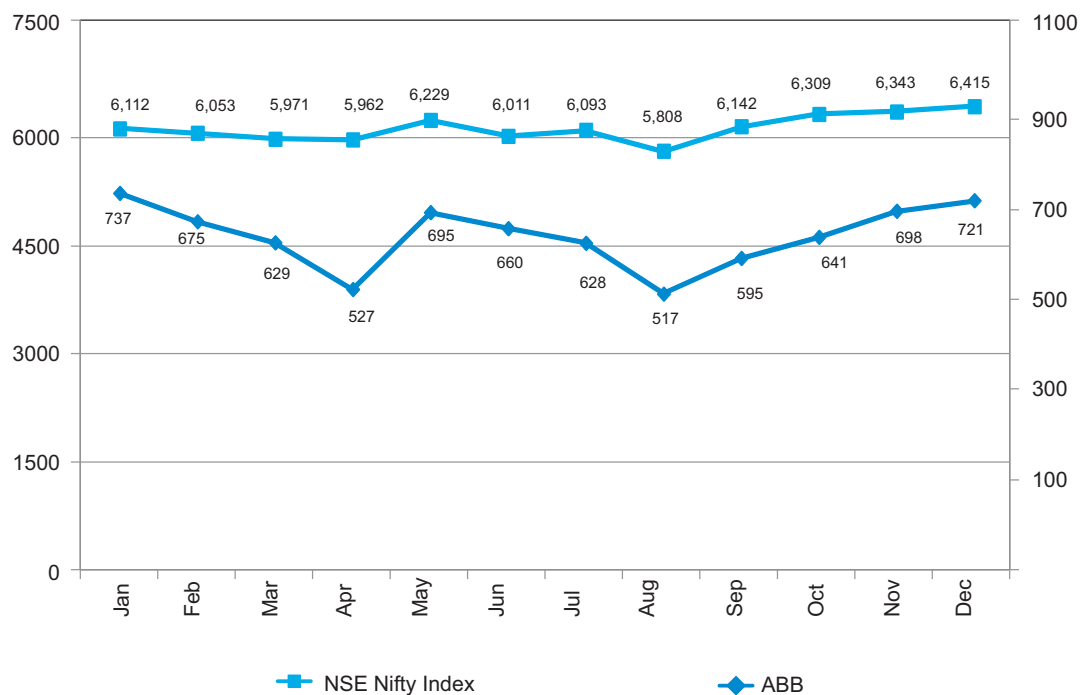


ABB Share Price Movement v/s NSE Nifty Index

January – December 2013



(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 Investors' Grievance 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 31.12.2013		As on 31.12.2012	
	No. of shares	%	No. of shares	%
ABB Asea Brown Boveri Ltd. Zurich & ABB Norden Holding AB, Sweden	158,931,281	75.000	158,931,282	75.000
Non-Resident Individuals/OCBs	321,295	0.152	333,525	0.157
Directors and their relatives	3,500	0.002	3,500	0.002
LIC/UTI/Other Insurance Cos.	23,187,375	10.942	23,555,668	11.116
Nationalised Banks/Other Banks	473,669	0.224	485,164	0.229
Mutual Funds	2,432,608	1.148	3,351,375	1.582
Foreign Institutional Investors	8,733,536	4.121	7,098,721	3.350
Bodies Corporate/Trust	1,166,827	0.551	979,669	0.462
General Public	16,658,284	7.861	17,169,471	8.102
Total	211,908,375	100.000	211,908,375	100.000

(xiii) Distribution of Shareholding as on December 31, 2013

Category	No. of Shareholders	No. of Shares held	% of equity capital
1 – 5000	76,107	14,216,025	6.71
5001 – 10000	259	1,764,179	0.83
10001 – 50000	131	2,469,605	1.17
50001 – 100000	15	1,090,982	0.51
100001 and above	25	192,367,584	90.78
Total	76,537	211,908,375	100.00

(xiv) Dematerialisation of Shares and liquidity

The equity shares of the Company are available under dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd., (CDSL). The Company's equity shares are compulsorily traded in the dematerialised form.

As on December 31, 2013, out of 211,908,375 equity shares of the Company, 208,775,846 equity shares have been dematerialised representing 98.52%.

Your company confirms that the promoters' holdings were converted into electronic form and the same is in line with the circulars issued by SEBI.

(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

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, 2013.

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 at Bengaluru, Faridabad, Haridwar, Mumbai, Mysore, Nashik, Savli and Vadodara.

(xviii) Address for Correspondence

ABB India Limited
2nd Floor, East Wing, Khanija Bhavan
49, Race Course Road
Bengaluru - 560 001
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) Non-Mandatory Requirements

Remuneration Committee of the Board to determine the remuneration package for the Managing/Executive Director(s).

For and on behalf of the Board

Gary Steel
Chairman

Vadodara, February 18, 2014

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 I D of the 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, 2013.

For ABB India Limited

Bazmi R. Husain
Managing Director

Vadodara, February 18, 2014

Annexure – D to Directors' Report

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To

The Members of ABB India Limited

We have examined all relevant records of ABB India Limited (the Company) for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with National Stock Exchange of India Limited (NSE), and BSE Limited (BSE), for the financial year ended December 31, 2013.

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 the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with all the mandatory requirements of the said Clause 49 of the Listing Agreement.

FOR D.R. SHRESSHA & ASSOCIATES
Company Secretaries

D.R. SHRESSHA
PROPRIETOR
C.P.No. 6119

Bengaluru, February 18, 2014

Management's Discussion and Analysis

Economy and market overview

The economic landscape in 2013 continued to remain under pressure with year-on-year growth in gross domestic product declining to sub 5 percent, where the growth came primarily from agriculture and services. On the contrary, industry growth through the year remained flat and new project announcements fell to a third over a two year period. High interest rates, low policy visibility, delayed environmental clearances, issues around land acquisitions and fuel linkages, along with increasing inflation continued to impact global investor confidence in India. During the year, the rupee depreciated to an all-time low. Towards the end of the year, certain focused measures by the government and central bank, helped to bring in some positive trends as rupee stabilized, exports increased, current account deficit declined and project clearances were fast-tracked.

Operations overview

During the year, the Company's performance was mainly driven by continued penetration into new markets viz. renewables, energy efficiency solutions, data centers, railways and operational excellence initiatives. Focus on project management, supply chain efficiencies, aggressive localization, productivity improvement and various other optimization initiatives led to improved quality of execution across business segments. These initiatives also helped address market challenges, thereby reflecting in steady improvement of results. The Company has reported a healthy turnaround in cash in the midst of a tight liquidity market.

The year was marked by successful commissioning of several landmark projects – including 765/400 kV air insulated substation for Power Grid Corporation of India Ltd., supporting the integration of the northern and southern grid, thereby help realizing the 'one nation – one grid' vision of the country. The Company also successfully commissioned the 2x25 MW of solar PV project for Mahagenco a/c Megha Engineering in the state of Maharashtra. While short cycle projects continued to be in focus, the Company remained selective in projects and sectors that offered better profitability and cash, which included higher content of its own manufactured items. There were, however, specific segments that faced some strain due to slowing investments in domestic industries. The cost of imports was also adversely impacted by currency volatility. Exports witnessed healthy growth, bolstered by orders for products and solutions with further penetration into new geographies.

With a strategic long-term focus, the Company added new capacity in 2013. The Company invested in new factories for Gas Insulated Switchgears (GIS), Plug and Switch Systems (PASS), oil-type and dry-type distribution transformers at Savli near Vadodara, along with a new miniature circuit breaker line at Nelamangala in Bangalore.

The Company secured orders valued at Rs 6,717 crores in 2013 as against Rs 6,966 crores in the previous year. Base orders from wider spectrum of customers helped offset the paucity of large projects in the market. Exports grew annulling the effect of a contraction in domestic market opportunities. The Company continued to tap sectors like renewable energy, data center, railways, grid stability, mining, that look increasingly promising now and for the future.

The revenues for the Company for the year stood at Rs 7,632 crores as against Rs 7,470 crores in 2012, reflecting stability of operations in an uncertain market situation.

The order backlog at the end of the year stood at Rs 7,709 crores, which continued to give more visibility to the future revenue streams.

Profit before tax was at Rs 272 crores in 2013 as compared to Rs 206 crores in the previous year. Net profit after tax stood at Rs 179 crores for the current year as compared to Rs 137 crores in the previous year. Consequently the earnings per share for 2013 stood at Rs 8.46 per share as compared to Rs 6.48 in 2012.

Service

The Company's continued focus on customers and leveraging on its large installed base helped maintain order levels in 2013 despite challenging market conditions. Major revamp and maintenance investments were deferred through the year due to lower plant load factors, high cost of capital and interest rates. Sustained customer engagement initiatives were reflected in a significantly improved Net Promoter Score (customer feedback and satisfaction survey). Initiatives were also undertaken to add new services to the portfolio and enhance geographical footprint. A training MoU was signed with Rashtriya Ispat Nigam Limited (Vizag Steel Plant), India's third largest steel producer. Some of the key customers for service orders in 2013 included Indian Railways, Tata Group, NTPC, Aditya Birla Group and Chettinad Cement Corporation Limited.

Exports

During 2013, exports grew by well over 20 percent. Export revenue was driven by increased focus on market development and improving product quality. Significant export orders included those for dry type transformers, SafeLink circuit breaker, high voltage breakers and transformers, and miniature circuit breakers. Exports were spread over Europe, the Middle East, Brazil, Bangladesh, Bhutan, Nigeria, Oman, Angola, Australia, etc.

Operational excellence

Key to improved performance through 2013 was the continued focus on incremental enhancement of processes and strategy. Assigned under three broad segments covering supply chain, operational excellence and global sourcing strategy, projects were implemented across all our businesses. This supported the Company's cost reduction program, which contributed to improvement in the overall results.

Outlook

Led by the current macro trends, various projections peg inflation to remain at current levels, thus keeping interest rates elevated. While infrastructure investments by the government are expected to continue, the impending national elections introduce uncertainty in the investment climate in 2014. Towards the end of 2013, measures to fast-track project implementation gained traction. With respect to supply of coal to the power sector, signing of fuel supply agreements is likely to address the fuel linkage issues to a certain extent. Debt recast plans for state electricity boards is gaining momentum with a few states already in the fold. Interest in renewable energy saw a revival in 2013 with more orders in wind and larger installations for solar power. Investment in power quality improvement, grid reliability and stability, renewables, rail, oil and gas, and mining are likely to provide growth opportunities.

In view of the above, the Company remains cautiously optimistic in its outlook. The technology prowess and balanced portfolio of the Company that caters to both industries and utilities, positions it well to remain competitive and capitalize on the positive developments in the market.

Business segment analysis

Relative distribution of revenues among business segments:

(Rs in crores)	2013	2012
Power Systems	29%	28%
Power Products	26%	26%
Discrete Automation and Motion	22%	22%
Low Voltage Products	8%	7%
Process Automation	15%	17%

Power Systems (PS)

Summarized performance:

(Rs in crores)	2013	2012
Orders	1,279	1,750
Order backlog	3,469	4,567
Revenues	2,385	2,242
Result	94	(14)

There was a conscious decision to be selective about our projects and sectors with higher profitability and internal supply content. The year was also marked by the commissioning of many major projects. The segment's focus on leveraging internal product portfolio, enhancing supply chain efficiency, operational excellence, project management, and localization helped address the sluggish business environment. Sustained efforts to de-risk business operation also improved profitability.

Major project orders booked during 2013:

- Electrical balance of plant (eBoP) solution for 1x660 MW thermal power plant from NCC Ltd. for Nellore plant
- Balance of system (BOS) for 5 MW solar PV power plant from Inetext Technologies India for Varroc Engineering Pvt Ltd.
- Electrical balance of plant (eBoP) solution for 2x150 MW thermal power plant from Sintex Industries Ltd for Shirpur Power Pvt. Ltd.
- Turnkey 145 kV switchyard package for 20 MW solar power plant at Satara, Maharashtra for Tata Power Renewable Energy Ltd.
- Turnkey project for 220/66 kV substation at Samtse and 66 kV bay extension at Gomtu for Bhutan Power Corporation
- 400 kV GIS substation for evacuating power for 2x660 MW thermal power plant at Nellore, Andhra Pradesh for NCC Ltd.

Major orders that were successfully commissioned during 2013 included:

- 765/400 kV air insulated switchgear (AIS) substation for Power Grid Corporation of India in Solapur, Bilaspur and Gwalior
- 220 kV New Parli substation for Maharashtra State Electricity Transmission Co. Ltd. (MSETCL)
- EPC of 2x25 MW of solar PV Project for Megha Engineering, for Maharashtra State Power Generation Company Ltd (Mahagenco)

Segment outlook

Recent efforts by the government in project clearances and continued investments in transmission and distribution (T&D) are positive indicators for the medium term. The newly inaugurated GIS/PASS factory in Savli will also help penetrate a key growth segment. However issues impacting the power generation sector are likely to continue in the short term. Opportunities in renewable energy, T&D, flexible AC transmission systems (FACTS) technology, repair and maintenance (R&M) for thermal and hydro plants are expected to help sustain growth for the segment.

Power Products (PP)

Summarized performance:

(Rs in crores)	2013	2012
Orders	2,086	1,977
Order backlog	2,009	2,040
Revenues	2,130	2,085
Result	170	138

The uncertain policy environment and deferred investment decisions in the power generation and other industries were countered to a certain extent by the growth in export and T&D products demand. The segment offerings in breakers and transformers to the Indian market were expanded by increased focus on localization, and other manufacturing initiatives.

In the year, two new state-of-the-art manufacturing facilities for GIS/PASS and distribution and dry-type transformers were inaugurated at Savli near Vadodara, Gujarat. This provides access to an evolving market in both utilities and industries driven by rapid urbanization in the country. A new vacuum interrupter furnace was commissioned and plant capacity was expanded to 1,20,000 units.

Significant orders received:

- Power Grid Corporation of India Ltd. order for 765 kV circuit breakers
- High voltage capacitor and filter orders from Alstom T&D India Ltd. for their Power Grid HVDC Champa and Kurukshetra project
- Export orders for Medium Voltage to Kuwait Oil Co. for double bus bar UniGear AIS and supply order for transformers to Zambia
- Power Grid order for supply of 500 MVA, single phase, 765 kV class auto transformers for Varanasi and Kanpur GIS substations

Major products and systems commissioned:

- Commissioning of 765 kV transformers for 1500 MVA
- Commissioning of 765 kV reactors for 240 MVA
- Commissioning of 420 kV generator transformers for 996 MVA

Segment outlook

The outlook for the segment is that of cautious optimism. The segment's endeavors like 'in country for country' and other operational initiatives will continue to positively impact the offerings and make them more competitive in the market. The financial health of the State Electricity Boards and upcoming national elections pose uncertainties in the short term. However, increasing focus on grid stability, opportunities in renewables and rail transport is expected to provide significant impetus to the segment.

Discrete Automation and Motion (DM)

Summarized performance:

(Rs in crores)	2013	2012
Orders	1,887	1,953
Order backlog	1,530	1,445
Revenues	1,824	1,775
Result	125	196

The segment performance was muted due to delayed and fewer investment decisions in core sectors and forex volatility. This resulted in intense competition and pressure on price realization. However, during the year, the segment was able to sustain its market position by expanding and strengthening the channel partner network and enhanced product offerings. Targeting a wider industry spectrum with vertical focused marketing, focus on OEMs and the energy sector (renewable and non-renewable) were some of the other steps taken to address the adverse market conditions. The segment introduced new products like solar pumps for the agricultural sector and expanded product ranges in variable speed drives.

Major orders received across sectors:

- Wind generator orders from Gamesa, Siemens, Tata Power, Inox Wind Ltd.
- Traction converters from Chittaranjan Locomotive Works
- Solar inverter orders from EPCs
- High current rectifiers from Hindalco

Segment outlook

While large project decisions in the core sector may remain sluggish in the short term, continued expansion in sectors like solar, wind, captive power plants, railways and other process industries is likely to open up new opportunities for the segment. Increased geographical footprint, enhanced localization, and technology differentiation is expected to support the segment's growth and remain competitive in the market.

Low Voltage Products (LP)

Summarized performance:

(Rs in crores)	2013	2012
Orders	674	690
Order backlog	212	203
Revenues	677	617
Result (Opr Ebit)	25	40

Besides deferred investments in large industrial projects, the segment was also impacted by a muted growth in the commercial and residential building sector. The segment undertook various initiatives to create a market pull and stabilize in difficult economic conditions. The indigenization of products, market penetration and growth in exports were the key focus areas.

Some of the new and localized products introduced in the market for industrial and building sectors included Mirage range of SDBs, AX series of contactors, Elegance range of FDBs, OTDC switches for solar applications, MNS IPDU for data center application, compact series MCB's and high rating switch disconnectors. Extended penetration in sectors like renewables, IT and datacenters, and railways partially offset the challenging economic and market conditions.

Some of the key orders during the year under review were received from Tata Steel, ETA Engineering for Huawei, FL Smidth for Reliance Cement, Linde Engineering, TMEIC, Engineering Projects India Ltd.

Segment outlook

The strategic thrust for the segment continues to be on increased market coverage, localization initiatives, product range expansion and exports. Opportunities are likely to stem from renewables, energy efficiency solutions, premium housing, datacenters, and railways. A positive impact is expected from recent project clearances and the demand dynamics in the housing sector. The overall outlook for the segment remains encouraging.

Process Automation (PA)

Summarized performance:

(Rs in crores)	2013	2012
Orders	1,123	1,053
Order backlog	1,116	1,240
Revenues	1,248	1,357
Result	71	(15)

The segment was impacted by the sluggish pace of capital investments in core industries. However, new opportunities in mining, exports and leveraging the installed base helped maintain order growth and improved profitability. Several operational and productivity improvement initiatives including enhancing project management capabilities, undertaken over the years also yielded results.

Significant orders received in 2013 included:

- Mine hoist systems for world's largest greenfield zinc mine, Hindustan Zinc Ltd, Bhilwara, Rajasthan
- Mining automation and conveyor electrification - Hongsa Mines, Laos (Sandvik)
- Supplying new and rehabilitation of turbochargers to Diesel Modernization Works, Indian Railways, Punjab
- Supply, installation and commissioning of electrical of E-Houses for Enhanced Oil Recovery systems for Mangala Processing Terminal, Cairn India, Rajasthan
- Electrification and automation for greenfield cement plant of Orient Cements, Gulbarga, Karnataka

Major orders that were successfully commissioned in 2013:

- Complete automation for greenfield Rolling Mill project, Bahru Stainless in Malaysia
- Complete electrics, drives, instrumentation and automation for India's largest blast furnace, SAIL, Rourkela
- Electrification for JK Paper Mill, Rayagada, Orissa
- Electrification and automation of Tube Mill, Arcelor Mittal, Saudi Arabia

Segment outlook

Big ticket investments from core sectors are likely to remain at a low ebb. However, sectors like oil and gas, pharmaceuticals, mining, railways, and energy efficiency investments, project a cautiously optimistic outlook. Improving overall productivity and life extension of customer installations will continue to bring opportunities to enhance the service business. Focus on expanding presence across the automation value chain is expected to help increase market penetration.

Finance

The Company was able to arrange finance at competitive rates in a challenging market environment to meet its working capital and other requirements. The increase in interest costs during the year was primarily a reflection of the tight market liquidity and higher cost of funds. The interest costs of the Company increased to Rs 101 crores in 2013 compared to Rs 43 crores in 2012. The Company had a net borrowing of Rs 303 crores as on December 31, 2013. The Company continued to hedge its foreign currency exposures for imports and exports at the point of commitment to protect the contract margins. As in the past, the Company maintained cordial relationships with the major banks in India and was able to avail and negotiate favorable terms for various banking facilities.

Human resources

During the year, the Company focused on providing an enabling work culture thereby facilitating the achievement of professional goals, providing opportunities through various strategic learning programs and employee engagement initiatives.

The Company also improved workforce excellence through several HR initiatives covering employee engagement programs aimed at reducing attrition levels and retain the best talents, better employee related policies and processes to improve operational efficiency and speed of decision making, improving inclusiveness and focus on training and development. Another key focus area, in alignment to challenging market conditions, was to enhance productivity of all employees across the company.

Industrial relations continued to remain cordial at all locations in the Company. The Company had 6,371 permanent employees at the end of 2013, as against 6,752 in the previous year.

Internal control systems

The Company has in place effective internal control systems to ensure accurate, reliable and timely compilation of financial statements and

management information reports. This is while safeguarding the assets and interests of the Company and ensuring compliance with Company policies, laws and regulations. There is a comprehensive budgetary control system with the management regularly reviewing performance. A well-defined organization structure has been put in place with clear responsibilities and accountability and well documented internal guidelines for conducting business transactions that are compliant. The Company has an independent internal audit department that conducts regular audits to ensure adequacy of the internal control system, adherence to management instructions and compliance. Further steps are being taken to strengthen the project review process and ensure timely update of project cost estimates. Audit plans are prepared well in advance based on risk assessment. The internal audit team also conducts reviews to ensure implementation of recommendations and suggestions. 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 the financial statements and cash flow statement of ABB India Limited for the year ended December 31, 2013 and 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 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 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) significant improvement in internal controls over financial reporting during the year;
 - (ii) no significant changes in the accounting policies during the year;
 - (iii) no instances of fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control systems on financial reporting.

Bazmi R. Husain
Chief Executive Officer
Managing Director

Amlan Datta Majumdar
Chief Financial Officer

Vadodara, February 18, 2014



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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, 2013 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 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. 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 controls. 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, 2013;
- (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 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013; and
 - (e) On the basis of written representations received from the directors as on December 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E

per Navin Agrawal
Partner
Membership No.: 56102
Vadodara, India
February 18, 2014

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>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>(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>(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.</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 during the financial year 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, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.</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. The internal control system for updation of contract cost estimates in a timely manner needs to be further strengthened. During</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 (Rs in Crores)*	Period to which it relates	Forum where dispute is pending
Faridabad Development Act (Octroi)	Product Classification	3.04	1986-94	High Court
Sales Tax Acts	Tax, Interest and Penalty	165.99	1996-2013	Additional Commissioner (Appeals) / Assessing Officer / Commercial Tax Officer / Deputy Commissioner (Appeals) / Special Commissioner (Appeals) / Joint Commissioner of Commercial Taxes (Appeals) / Taxation Board
		15.29	2002-13	High Court
		25.23	1994-2008	Sales Tax Appellate Tribunal
Customs Act, 1962	Duty, Interest and Penalty	0.58	2009-10, and 2012-13	Commissioner of Customs (Appeals) / Assistant Commissioner of Customs / Customs Duty Drawback Cell / Additional Commissioner of Customs
		0.93	2008-10	CESTAT
		13.71	2002-07	Supreme Court
Central Excise Act, 1944	Duty, Interest and Penalty	81.85	2002-13	Additional Commissioner / Assistant Commissioner / Additional Commissioner (LTU) / Commissioner (Excise) / Commissioner (LTU) / Deputy Commissioner (LTU) / Joint Commissioner / Additional Deputy Commissioner (LTU)
		0.01	2008-09	CESTAT
Service Tax	Tax, Interest and Penalty	18.99	1997-2012	Assistant Commissioner of Service Tax / Assistant Commissioner of Service Tax (LTU) / Additional Commissioner of Service Tax / Additional Commissioner of Service Tax (LTU) / Commissioner / Commissioner (LTU) / Deputy Commissioner / Deputy Commissioner (LTU) / Commissioner of Excise
		3.51	2002-06	CESTAT
Income Tax Act, 1961	Tax, Interest and Penalty	125.58	1997-98 and 2008-10	Commissioner of Income Tax (Appeals)

*Net of Rs 240.23 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.
- (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 & CO. LLP
ICAI Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No.: 56102
Vadodara, India
February 18, 2014

Balance Sheet

(Rs in Crores)

Balance Sheet as at December 31, 2013	Notes	2013	2012
Equity and liabilities			
Shareholders' funds			
Share capital	3	42.38	42.38
Reserves and surplus	4	2,635.18	2,555.67
		2,677.56	2,598.05
Non-current liabilities			
Other long-term liabilities	6	4.17	3.89
Long-term provisions	7	5.71	5.71
		9.88	9.60
Current liabilities			
Short-term borrowings	33	620.11	327.68
Trade payables	5	2,082.58	1,899.37
Other current liabilities	6	1,395.95	1,394.56
Short-term provisions	7	263.45	240.74
		4,362.09	3,862.35
Total		7,049.53	6,470.00
Assets			
Non-current assets			
Fixed assets			
Tangible assets	8	1,268.02	1,078.06
Intangible assets	9	123.49	129.28
Capital work-in-progress		47.49	117.01
Non-current investments	10	16.47	52.39
Deferred tax assets (net)	11	27.93	14.80
Long-term loans and advances	12	350.89	230.18
Other non-current assets	13	8.30	8.45
		1,842.59	1,630.17
Current assets			
Current investments	10	0.08	0.08
Inventories	14	988.85	920.40
Trade receivables	15	3,235.72	3,264.38
Cash and bank balances	16	316.58	76.67
Short-term loans and advances	12	256.77	228.30
Other current assets	13	408.94	350.00
		5,206.94	4,839.83
Total		7,049.53	6,470.00

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 & CO. LLP
ICAI Firm registration number: 301003E
Chartered Accountants

Per Navin Agrawal
Partner
Membership No.: 56102
Vadodara, February 18, 2014

For and on behalf of the Board

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

Vadodara, February 18, 2014

Statement of Profit and Loss

		(Rs in Crores)	
For the year ended December 31, 2013	Notes	2013	2012
Revenue			
Revenue from operations (gross)		8,196.77	8,026.36
Less: Excise duty		474.78	461.37
Revenue from operations (net)	17	7,721.99	7,564.99
Other income	18	6.99	7.05
Total revenue		7,728.98	7,572.04
Expenses			
Cost of raw materials and components consumed and project bought outs	19	4,629.19	4,685.68
Purchases of traded goods	20	314.07	263.50
(Increase) / decrease in inventories of finished goods, work-in-progress and traded goods	21	(12.98)	(0.69)
Subcontracting charges		468.20	479.34
Employee benefit expenses	22	677.06	619.60
Finance costs	23	101.13	43.24
Depreciation and amortisation expense	24	103.31	94.09
Other expenses	25	1,176.53	1,181.07
Total expenses		7,456.51	7,365.83
Profit before tax		272.47	206.21
Tax Expenses			
Current tax		108.48	61.20
Deferred tax charge / (credit)		(12.90)	7.60
Total tax expenses		95.58	68.80
Profit for the year before giving impact of amalgamation		176.89	137.41
Profit of Baldor Electric India Private Limited (Baldor) for the period April 1, 2012 to December 31, 2012 of the previous year on amalgamation (refer note 27)		2.42	-
Profit for the year after giving impact of amalgamation		179.31	137.41

Earnings per equity share on face value of share of Rs 2 each,
(December 31, 2012 : Rs 2 each)

26

Basic	8.46	6.48
Diluted	8.46	6.48

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 & CO. LLP
ICAI Firm registration number: 301003E
Chartered Accountants

Per Navin Agrawal
Partner
Membership No.: 56102
Vadodara, February 18, 2014

For and on behalf of the Board

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

Vadodara, February 18, 2014

Cash Flow Statement

(Rs in Crores)

For the year ended December 31, 2013	2013	2012
A. Cash flow from operating activities		
Profit before tax	272.47	206.21
Non Cash adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation	103.31	94.09
Unrealised exchange loss / (gains) (net)	1.23	(16.96)
Loss / (profit) on sale of fixed assets (net)	4.05	(1.56)
Provision for doubtful debts and advances	37.91	53.20
Interest income	(6.99)	(5.49)
Interest expense	101.13	43.24
Operating profit before working capital changes	513.11	372.73
Movement in working capital		
Increase / (decrease) in trade payables and other current liabilities	131.19	(71.90)
Increase / (decrease) in provisions	21.59	13.39
Decrease / (increase) in trade receivables	26.45	(210.45)
Decrease / (increase) in inventories	(55.48)	5.15
Decrease / (increase) in loans and advances	(39.60)	(53.77)
Decrease / (increase) in other current assets	(58.03)	(7.59)
Cash generated from operations	539.23	47.56
Direct taxes paid (net of refunds)	(209.14)	(97.78)
Net cash flow from / (used in) operating activities	330.09	(50.22)
B. Cash flow from investing activities		
Purchase of fixed assets	(222.45)	(181.17)
Proceeds from sale of fixed assets	0.78	7.12
Payment towards acquisition of businesses	(5.02)	(169.40)
Purchase of shares in subsidiary	-	(1.85)
Proceed from sale / maturity of investments	0.08	0.08
Interest received	6.81	5.42
Investment in deposits (with maturity more than three months)	0.15	0.04
Net cash flow from / (used in) investing activities	(219.65)	(339.76)
C. Cash flow from financing activities		
Proceeds from short-term borrowings	23,553.91	21,923.68
Repayment of short-term borrowings	(23,261.48)	(21,596.00)
Interest paid	(98.94)	(43.21)
Dividend (including dividend distribution tax) paid	(74.37)	(73.88)
Net cash flow from / (used in) financing activities	119.12	210.59
Net (decrease) / increase in cash and cash equivalents (A+B+C)	229.56	(179.39)
Cash and cash equivalents (opening balance)	75.15	254.54
Cash and cash equivalents of Baldor (refer note below)	10.17	-
Cash and cash equivalents (closing balance)	314.88	75.15
Components of cash and cash equivalents as at December 31,	2013	2012
Cash and bank balances	316.58	76.67
Less: Unpaid dividend account	1.70	1.52
	314.88	75.15

Note:

- 1) Cash and cash equivalents at the end of the year represent cash and cheques on hand and cash and deposits with banks.
- 2) The figures of the previous year have been regrouped / reclassified, where necessary, to conform with the classification of the current year.
- 3) Cash flow statement is made using the indirect method.
- 4) Cash and cash equivalents acquired on amalgamation of Baldor on April 1, 2012 was Rs 5.65 crores. Net change in cash balance of Baldor during the period April 1, 2012 to December 31, 2012 was Rs 4.52 crores. The cash and bank balance of Baldor as at December 31, 2012 was Rs 10.17 crores.

As per our report of even date

For S.R.BATLIBOI & CO. LLP
ICAI Firm registration number: 301003E
Chartered Accountants

Per Navin Agrawal
Partner
Membership No.: 56102
Vadodara, February 18, 2014

For and on behalf of the Board

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

Vadodara, February 18, 2014

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 notified accounting standards by Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956, read with General Circular 15/2013 dated September 13, 2013 issued by the Ministry of Corporate Affairs, in respect of section 133 of the Companies Act, 2013. 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 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 Rs 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. There are no other obligations other than the contribution payable to the Superannuation Fund Trust.

Contributions to the recognized Provident Fund / Gratuity Fund and provision for other long term employee benefits - leave, defined benefit schemes, are made on the basis of actuarial valuations made at the end of each financial year and are charged to 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 benefit. 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

- 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 contracts.
- Income from development services are recognized on rendering of service as per contract.
- Dividend income is recognized when the right to receive dividend is established.
- Interest income is recognized on the 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 Research and Development

All revenue expenditure pertaining to research are charged to statement of profit and loss in the year in which they are incurred. Development expenditure of capital nature is capitalized as fixed assets, and depreciated as per the Company's policy.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

	2013		2012	
	Number	Rs in Crores	Number	Rs in Crores
3 Share capital				
Authorised share capital				
Equity shares of Rs 2/- each	21,25,00,000	42.50	21,25,00,000	42.50
11% Redeemable 10 years, cumulative preference shares of Rs 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 Rs 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 Rs 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, 2013, the amount of per share dividend recommended and provided for distribution to equity shareholders is Rs 3.00 (December 31, 2012 : Rs 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	Rs in Crores	Number	Rs in Crores
Equity shares of Rs 2/- each				
ABB Asea Brown Boveri Limited - the holding company	14,63,90,951	29.28	14,63,90,952	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	15,89,31,282	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 Rs 2/- each				
ABB Asea Brown Boveri Limited - the holding company	14,63,90,951	69.08	14,63,90,952	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	1,99,05,394	9.39	2,01,96,092	9.53

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.

(Rs in Crores)		
	2013	2012
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	59.40	59.40
Add: Transfer from Baldor on amalgamation as at April 1, 2012	0.60	-
Balance at the end of the year	60.00	59.40
General reserve		
Balance as per last financial statements	2,402.63	2,338.63
Add: Transferred from surplus in the statement of profit and loss	100.00	64.00
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	2,477.10	2,402.63
Surplus in the statement of profit and loss		
Balance as per last financial statements	85.04	85.51
Profit for the year	179.31	137.41
Less: Appropriations		
Proposed equity dividend	63.57	63.57
Tax on proposed equity dividend	10.81	10.31
Dividend distribution tax for previous year	0.49	-
Transfer to general reserve	100.00	64.00
Total appropriations	174.87	137.88
Net surplus in the statement of profit and loss	89.48	85.04
Total reserves and surplus	2,635.18	2,555.67

(Rs in Crores)		
	Current	
	2013	2012
5 Trade payables		
Acceptances	420.06	488.21
Dues to micro and small enterprises (refer note below)	118.57	102.43
Due to subsidiary company	-	0.42
Other trade payables	1,543.95	1,308.31
	2,082.58	1,899.37
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, 2013		
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at December 31, 2013		
Principal amount	116.32	102.37
Interest	0.06	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, 2013		
Principal amount	-	202.69
Interest	-	1.65
iii) The amount of interest due and payable for the period of delay in making payment (beyond the appointed day during the year)	2.19	-
iv) The amount of interest accrued and remaining unpaid for the year ending December 31, 2013	0.06	0.06
v) The amount of further interest remaining due and payable for the earlier years.	-	-

(Rs in Crores)

	Non-current		Current	
	2013	2012	2013	2012
6 Other liabilities				
Consideration payable for the businesses acquired	-	-	55.93	60.95
Investor education and protection fund shall be credited for unclaimed dividends amount when due	-	-	1.70	1.52
Billing in excess of contract revenue	-	-	273.42	272.33
Advances from customers	-	-	731.83	804.16
Mark to market loss on derivatives	-	-	3.61	-
Employee related payables	-	-	96.32	48.47
Security deposit received	4.17	3.89	0.09	0.26
Statutory dues payable	-	-	11.12	15.25
Other payables	-	-	221.93	191.62
	4.17	3.89	1,395.95	1,394.56

	Long-term		Short-term	
	2013	2012	2013	2012
7 Provisions				
Provisions for employee benefits				
Gratuity (refer note 47)	-	-	1.32	6.32
Provident fund (refer note 47)	-	-	-	1.25
Leave benefits	-	-	22.05	18.30
Other provisions				
Proposed dividend to equity shareholders	-	-	63.57	63.57
Tax on proposed equity dividend	-	-	10.81	10.31
Warranties (refer note 42)	-	-	123.21	108.41
Litigations (refer note 42)	5.71	5.71	-	-
Sales tax (refer note 42)	-	-	42.49	32.58
	5.71	5.71	263.45	240.74

8 Tangible assets

(Rs in Crores)

Gross block	Freehold Land	Leasehold Land	Leasehold Improvements	Factory Buildings	Other Buildings	Residential Quarters	Plant and Equipments	Office Equipments	Furniture and Fixtures	Vehicles	Total
Balance as at January 01, 2012	67.29	23.43	20.62	275.48	59.52	0.76	780.65	26.02	46.61	2.13	1,302.51
Additions	-	-	3.72	13.78	2.90	-	107.00	2.07	2.89	-	132.36
Disposals	-	-	(0.12)	(1.82)	-	(0.54)	(4.62)	(0.30)	(0.79)	(0.01)	(8.20)
Balance as at December 31, 2012	67.29	23.43	24.22	287.44	62.42	0.22	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	64.30	0.22	1,091.32	30.83	54.23	1.44	1,697.89
Accumulated depreciation											
Balance as at January 01, 2012	-	0.87	7.54	35.09	5.69	0.30	200.17	8.40	13.21	1.00	272.27
Charge for the year	-	0.33	2.17	9.41	1.92	0.01	59.66	2.00	3.12	0.36	78.98
Reversal on disposal of assets	-	-	(0.07)	(0.18)	-	(0.11)	(1.89)	(0.15)	(0.23)	(0.01)	(2.64)
Balance as at December 31, 2012	-	1.20	9.64	44.32	7.61	0.20	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	8.74	0.20	320.33	12.03	19.13	1.25	429.87
Net block											
Balance as at December 31, 2012	67.29	22.23	14.58	243.12	54.81	0.02	625.09	17.54	32.61	0.77	1,078.06
Balance as at December 31, 2013	67.29	21.90	16.08	282.09	55.56	0.02	770.99	18.80	35.10	0.19	1,268.02

Notes:

- Residential Quarters include cost of shares in Lotus Court Private Limited **Rs 0.01 crores** (December 31, 2012 - Rs 0.01 crores).
- Certain land and building amounting to **Rs 6.66 crores** (December 31, 2012 - Rs 22.58 crores) is in the process of being registered in the name of the Company.
- There are no tangible assets given on operating lease.

9 Intangible assets

(Rs in Crores)

Gross block	Goodwill	Technical Know-how fees	Capitalised Software	Total
Balance as at January 01, 2012	52.26	99.08	8.10	159.44
Additions	-	4.71	1.52	6.23
Disposals	-	(3.69)	(3.03)	(6.72)
Balance as at December 31, 2012	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
Accumulated amortisation				
Balance as at January 01, 2012	0.29	15.83	5.16	21.28
Charge for the year	-	13.88	1.23	15.11
Reversal on disposal of assets	-	(3.69)	(3.03)	(6.72)
Balance as at December 31, 2012	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
Net block				
Balance as at December 31, 2012	51.97	74.08	3.23	129.28
Balance as at December 31, 2013	51.97	68.10	3.42	123.49

(Rs in Crores)

	Non-current		Current	
	2013	2012	2013	2012
10 Investments				
Trade investments (valued at cost)				
Investments in subsidiary				
Unquoted:-				
Nil (December 31, 2012: 10,000) Equity shares of Rs 10 each fully paid up in Baldor Electric India Private Limited	-	33.98	-	-
Nil (December 31, 2012: 18,45,763) 7% Redeemable Non-cumulative Preference Shares of Rs 10/- each in Baldor Electric India Private Limited	-	1.85	-	-
Other investments (valued at cost)				
Quoted:-				
15,00,000 (December 31, 2012: 15,00,000) 6.25%, 2018 Government of India Bonds of Rs 100 each.	15.96	15.96	-	-
Unquoted:-				
1,000 (December 31, 2012: 1,000) Equity shares of Rs 25 each fully paid up in Co-operative Bank of Baroda	0.01	0.01	-	-
10 (December 31, 2012: 10) 5.95%, 15 years Non-cumulative bonds of Karnataka Water & Sanitation Pooled Fund Trust of Rs 5,83,333 (December 31, 2012: Rs 6,66,667) each.	0.50	0.59	0.08	0.08
	16.47	52.39	0.08	0.08
Aggregate amount of				
Quoted investments [Market Value: Rs 13.81 crores , (December 31, 2012: Rs 13.88 crores)]	15.96	15.96	-	-
Unquoted investments	0.51	36.43	0.08	0.08

(Rs in Crores)

	2013	2012
11 Deferred tax assets (net)		
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	138.42	109.90
Gross deferred tax liability	138.42	109.90
Deferred tax assets		
Provision for doubtful debts and advances	133.60	115.05
Expenditure debited to the statement of profit and loss but allowable for tax purpose in following years	28.42	5.55
Others	4.33	4.10
Gross deferred tax assets	166.35	124.70
Deferred tax assets (net)	27.93	14.80

(Rs in Crores)

	Non-current		Current	
	2013	2012	2013	2012
12 Loans and advances				
Capital advances				
Unsecured, considered good	8.17	20.96	-	-
	8.17	20.96	-	-
Security deposits				
Unsecured, considered good	26.05	24.12	8.17	8.87
Considered doubtful	-	0.23	-	-
	26.05	24.35	8.17	8.87
Less: Provision for doubtful deposits	-	0.23	-	-
	26.05	24.12	8.17	8.87
Advances to related parties (refer note 40)				
Unsecured, considered good	-	-	8.12	12.35
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	39.19	46.29
Considered doubtful	4.33	4.27	-	-
	4.33	4.27	39.19	46.29
Less: Provision for doubtful advances	4.33	4.27	-	-
	-	-	39.19	46.29
Other loans and advances				
Unsecured, considered good				
Advance income-tax (net of provision for tax Rs 1,774.42 crores, December 31, 2012 : Rs 1,660.88 crores)	189.96	89.30	-	-
Prepaid expenses	-	-	6.61	6.05
Loans to employees	-	-	5.34	5.33
Taxes and duties recoverable	126.71	95.80	118.64	96.77
Balances with statutory/government authorities	-	-	70.70	52.64
	316.67	185.10	201.29	160.79
	350.89	230.18	256.77	228.30

Taxes and duties recoverable includes amount paid under protest.

(Rs in Crores)

	Non-current		Current	
	2013	2012	2013	2012
13 Other assets				
Unsecured, considered good unless stated otherwise				
Non current bank balances (refer note 16)	8.30	8.45	-	-
Contract revenue in excess of billing / unbilled revenue	-	-	351.58	307.80
Interest accrued on fixed deposits	-	-	0.32	0.14
Interest accrued on investments	-	-	0.49	0.49
Mark to market gain on derivatives	-	-	-	7.03
Other receivables	-	-	56.55	34.54
	8.30	8.45	408.94	350.00

(Rs in Crores)

	2013	2012
14 Inventories (valued at lower of cost and net realisable value)		
Raw materials and components (including goods-in-transit of Rs 71.55 crores, December 31, 2012: Rs 66.01 crores) (refer note 19)	573.72	531.18
Work-in-progress (refer note 21)	295.67	282.97
Finished goods (refer note 21)	100.83	102.36
Traded goods (refer note 21)	16.35	1.57
Stores and spares	2.28	2.32
	988.85	920.40

(Rs in Crores)

	Non-current		Current	
	2013	2012	2013	2012
15 Trade receivables				
Unsecured				
Outstanding for a period exceeding six months from the date they are due for payment				
Considered good	-	-	241.06	115.46
Considered doubtful	263.70	240.36	-	-
	263.70	240.36	241.06	115.46
Less: Provision for doubtful receivables	263.70	240.36	-	-
	-	-	241.06	115.46
Other receivables				
Considered good	-	-	2,994.66	3,148.92
Considered doubtful	-	-	125.04	109.74
	-	-	3,119.70	3,258.66
Less: Provision for doubtful receivables	-	-	125.04	109.74
	-	-	2,994.66	3,148.92
	-	-	3,235.72	3,264.38
Trade receivables include:				
Dues from ABB Global Industries and Services Limited, in which the Company's Managing Director is a Director.	-	-	2.38	4.26
Dues from Lafarge India Private Limited in which one of the Company's Director is a Director	-	-	0.51	-

(Rs in Crores)

	Non-current		Current	
	2013	2012	2013	2012
16 Cash and bank balances				
Cash and cash equivalents				
Balances with banks				
- On current accounts	-	-	169.15	7.67
- Deposit accounts (maturity upto 3 months)	-	-	0.10	-
Cheques / drafts on hand	-	-	145.62	67.47
Cash on hand	-	-	0.01	0.01
	-	-	314.88	75.15
Other bank balances				
Unpaid dividend account	-	-	1.70	1.52
Deposit account (maturity more than 12 months)	0.84	-	-	-
Margin money deposit	7.46	8.45	-	-
	8.30	8.45	1.70	1.52
	8.30	8.45	316.58	76.67

(Rs in Crores)

	2013	2012
17 Revenue from operations (net)		
Sale of products and services		
Sale of products	7,073.98	7,007.84
Sale of services	557.64	462.47
	7,631.62	7,470.31
Other operating revenues		
Scrap sales	25.42	24.30
Commission income	4.15	4.16
Income from development services	39.75	42.33
Miscellaneous income	21.05	23.89
	90.37	94.68
Revenue from operations (net)	7,721.99	7,564.99
Detail of sale of products and services		
(i) Sale of products		
Switchgear of all types	1,664.05	1,667.66
Transformers	500.65	506.57
Electronic control and supply units for variable speed drives and other applications	891.63	787.16
Motors and other machines	660.60	616.46
Others	3,357.05	3,429.99
	7,073.98	7,007.84
(ii) Sale of services		
Erection, commissioning and other engineering services	557.64	462.47
	557.64	462.47
	7,631.62	7,470.31

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

(Rs in Crores)

	2013	2012
18 Other income		
Interest income from deposits with bank	1.03	1.25
Interest income from long-term investments	0.97	0.98
Interest income - others	4.99	3.26
Profit on sale of assets	-	1.56
	6.99	7.05
19 Cost of raw materials and components consumed and project bought outs		
Opening stock	531.18	537.00
Add: Purchases during the year	4,671.73	4,679.86
Less: Closing stock	573.72	531.18
	4,629.19	4,685.68
Details of raw materials and components consumed and project bought outs		
Electrical motors, generators, drives, components and equipments	770.39	779.02
Protecting and control elements	425.75	388.39
Sheet metal components, casting and forgings	261.32	262.78
Non-ferrous metals and alloys	249.41	259.77
Power converters	264.89	251.67
Electronic components and equipments	225.02	211.74
Wires, cables and conductors	254.20	210.52
Ferrous metals and alloys	110.55	163.56
Others	2,067.66	2,158.23
	4,629.19	4,685.68
The above amounts include project bought outs of Rs 1,449.84 crores (December 31, 2012 - Rs 1,541.05 crores)		
Details of inventory		
Raw materials and components		
Electrical motors, generators, drives, components and equipments	87.91	110.85
Protecting and control elements	113.52	94.06
Electronic components and equipments	63.25	65.17
Mechanical components	46.29	34.74
Power converters	37.76	33.19
Non-ferrous metals and alloys	30.39	29.26
Others	194.60	163.91
	573.72	531.18
20 Purchases of traded goods		
Motors and other machines	65.56	87.86
Transformers	26.94	5.60
Switchgears	0.83	4.12
Power inverters	5.92	12.46
Others	214.82	153.46
	314.07	263.50

(Rs in Crores)

	2013	2012
21 (Increase) / decrease in inventories of finished goods, work-in-progress and traded goods		
Opening stock		
- Finished goods	102.36	110.96
- Work-in-progress	282.97	273.73
- Traded goods (includes Rs 12.97 crores acquired on amalgamation)	14.54	1.52
	399.87	386.21
Closing stock		
- Finished goods	100.83	102.36
- Work-in-progress	295.67	282.97
- Traded goods	16.35	1.57
	412.85	386.90
	(12.98)	(0.69)
Details of inventory of finished goods, work-in-progress and traded goods		
Finished Goods		
Motors and other machines	33.55	26.25
LV switchgear products	27.43	19.85
Transformers	3.37	15.74
MV switchgears	12.42	8.45
Others	24.06	32.07
	100.83	102.36
Work-in-progress		
Transformers	80.37	95.18
MV switchgears	12.42	12.82
Motors and other machines	13.19	17.57
Variable speed AC / DC Drive system and other applications	27.16	18.94
LV switchgear products	20.74	11.36
Others	141.79	127.10
	295.67	282.97
Traded goods		
Motors and other machines	16.26	1.16
Others	0.09	0.41
	16.35	1.57
22 Employee benefit expenses		
Salaries, wages and bonus	589.35	527.52
Gratuity (refer note 47)	4.68	14.71
Contribution to provident fund and other funds	37.06	35.06
Staff welfare expenses	29.25	25.54
Training, recruitment and transfer expenses	16.72	16.77
	677.06	619.60
23 Finance costs		
Interest expenses	93.73	37.56
Bill discounting and other charges	7.40	5.68
	101.13	43.24

(Rs in Crores)

	2013	2012
24 Depreciation and amortisation expense		
Depreciation of tangible assets	87.71	78.98
Amortisation of intangible assets	15.60	15.11
	103.31	94.09
25 Other expenses		
Consumption of stores and spares	25.40	27.17
Packing expenses	27.01	25.22
Royalty and technology fees	206.89	190.78
Freight and forwarding	92.20	94.39
Postage and telephone	9.85	9.08
Commission (other than sole selling agent)	6.73	7.45
Discount	2.99	2.53
Power and fuel	56.55	51.15
Travelling and conveyance	104.41	108.63
Insurance	11.34	13.04
Rates and taxes	17.54	9.50
Rent	37.71	37.25
Repairs :		
Buildings	2.80	3.92
Plant and machinery	20.66	21.36
Others	4.84	4.10
Provision for doubtful debts and advances	37.91	53.20
Bad debts / advances written off	19.17	7.27
Loss on sale of fixed assets (net)	4.05	-
Printing and stationery	6.01	6.04
Bank charges	14.92	13.71
Legal and professional	32.41	21.70
Auditor's remuneration (refer note below)	2.31	2.38
Trade-mark fees	59.88	58.37
Information technology expenses	93.42	98.87
Exchange rate difference - loss (net)	24.76	46.46
Director's fees and commission	0.93	0.35
Services from third parties	62.50	62.82
Testing and inspection charges	13.56	23.07
Miscellaneous	177.78	181.26
	1,176.53	1,181.07
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	0.06	0.08
Others	0.04	0.08
Reimbursement of expenses	0.04	0.05
	2.31	2.38
26 Earnings per share (EPS)		
a) Profit for the year after giving impact of amalgamation	179.31	137.41
b) Weighted average number of shares for calculation of EPS	211,908,375	211,908,375
c) Nominal value of shares (in Rs)	2.00	2.00
d) Earnings per share - Basic and diluted (in Rs)	8.46	6.48

27. Amalgamation

- a) The Hon'ble High Court of Bombay vide its Order dated September 27, 2013 has sanctioned the Scheme of Amalgamation of Baldor Electric India Private Limited (Baldor) with ABB India Limited (the Company). The Scheme has become effective on November 1, 2013 with appointed date being April 1, 2012. Baldor was a wholly owned subsidiary of the Company, engaged in trading of motors, drives and other mechanical products forming part of Discrete Automation and Motion segment of the Company. With effect from appointed date all rights, duties, powers and obligations of Baldor have become those of the Company. All the assets and liabilities, including reserves of Baldor were accounted for using pooling of interests method in the books of accounts of the Company.
- b) Pursuant to and in accordance with the Order of the Hon'ble High Court of Bombay, 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, has been 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 is Rs 33.97 crores.

The Hon'ble High Court of Bombay had, while sanctioning the Scheme, directed that a note in this regard should be prominently included by the Company in its Statement of Accounts for the financial year ending on December 31, 2013 submitted for approval of its shareholders. Hence, this note has been included in compliance with the Court's Order.

- c) Net profit of Rs 2.42 crores of Baldor from the appointed date i.e, April 1, 2012 to December 31, 2012 of the previous financial year has been disclosed separately in the current year statement of profit and loss. The financial results of current year incorporates the operating results of Baldor.
- d) **Abridged Statement of profit and loss of Baldor for the period April 1, 2012 to December 31, 2012.**

	(Rs in Crores)
Revenue	
Revenue from operations	36.50
Other Income	0.18
Total revenue	36.68
Expenses	
Purchase of traded goods	23.34
(Increase) / decrease in inventory of traded goods	1.99
Employee benefit expenses	3.30
Other expenses	4.35
Depreciation / Amortisation	0.05
	33.03
Profit before tax	3.65
Provision for taxation	1.23
Profit after tax	2.42

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 distribution 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

(Rs in Crores)

	Power Systems	Power Products	Process Automation	Discrete Automation and Motion	Low Voltage Products	Total
External sales (net of excise duty)	2,366.38 (2,203.42)	1,717.92 (1,739.55)	1,222.89 (1,325.23)	1,696.61 (1,635.92)	599.82 (540.17)	7,603.62 (7,444.29)
Inter segment sales	12.89 (30.58)	361.87 (287.36)	22.36 (28.02)	120.07 (132.66)	67.88 (69.21)	585.07 (547.83)
Other operating revenue	5.78 (8.16)	50.65 (58.39)	2.77 (3.38)	6.97 (6.67)	9.16 (8.00)	75.33 (84.60)
Segment revenues	2,385.05 (2,242.16)	2,130.44 (2,085.30)	1,248.02 (1,356.63)	1,823.65 (1,775.25)	676.86 (617.38)	8,264.02 (8,076.72)
Segment results	93.87 (-14.54)	170.14 (138.44)	71.12 (-15.23)	125.24 (195.64)	25.28 (39.55)	485.65 (343.86)
Segment assets	1,984.71 (1,791.43)	1,596.91 (1,586.73)	957.87 (1101.29)	971.21 (850.81)	464.51 (403.03)	5,975.21 (5,733.29)
Segment liabilities	1,377.26 (1,288.92)	752.59 (718.32)	580.56 (658.76)	678.64 (582.27)	185.32 (149.80)	3,574.37 (3,398.07)
Capital expenditure	2.95 (2.91)	105.34 (80.05)	6.34 (3.44)	26.04 (14.92)	34.47 (27.43)	175.14 (128.75)
Depreciation / amortisation	1.93 (1.41)	48.41 (44.13)	2.56 (2.60)	14.64 (14.05)	15.22 (12.58)	82.76 (74.77)

vii) Reconciliation of reportable segments with the financial statements

(Rs in Crores)

	Revenues	Results / Net profit	Capital expenditure	Assets	Liabilities
Total segments	8,264.02 (8,076.72)	485.65 (343.86)	175.14 (128.75)	5,975.21 (5,733.29)	3,574.37 (3,398.07)
Corporate - unallocated (net)	50.03 (43.15)	-112.05 (-94.41)	47.31 (52.42)	1,074.32 (736.71)	797.60 (473.88)
Inter segment sales	-585.07 (-547.83)	- (-)	- (-)	- (-)	- (-)
Interest expense	- (-)	-101.13 (-43.24)	- (-)	- (-)	- (-)
Provision for tax	- (-)	-95.58 (-68.80)	- (-)	- (-)	- (-)
Profit of Baldor for the period April 1, 2012 to December 31, 2012	- (-)	2.42 (-)	- (-)	- (-)	- (-)
As per financial statements	7,728.98 (7,572.04)	179.31 (137.41)	222.45 (181.17)	7,049.53 (6,470.00)	4,371.97 (3,871.95)

B) Secondary segment reporting (by geographical segments)

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

	(Rs in Crores)		
	India	Rest of world	Total
Segment revenues	6,691.74	1,037.24	7,728.98
	(6,582.37)	(989.67)	(7,572.04)
Segment assets	6,615.50	434.03	7,049.53
	(5,963.17)	(506.83)	(6,470.00)
Segment capital expenditure	222.45	-	222.45
	(181.17)	(-)	(181.17)

	(Rs in Crores)	
As at December 31,	2013	2012
29. Contingent liabilities		
i) Excise duty / service tax and sales tax liabilities in dispute	384.83	364.68
ii) Custom duty liabilities in dispute	16.14	2.02
iii) Claims against the Company not acknowledged as debts	8.85	8.85
iv) Income tax matters in dispute	210.70	254.05

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.

	(Rs in Crores)	
	2013	2012
30. Estimated amount of contracts remaining to be executed on account of capital and other commitments and not provided for (net of advances)	43.58	128.34

31. The Company has taken several premises 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 **Rs 37.71 crores** (Previous Year Rs 37.25 crores).

Some of the lease agreements have escalation clause ranging from 5% to 15%. There are no exceptional / restrictive covenants in the lease agreement. There are no assets given on operating lease.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	(Rs in Crores)	
	2013	2012
Within one year	7.98	3.94
After one year but not more than five years	28.95	9.97
More than five years	-	1.20
	36.93	15.11

32. Research and development expenditure of **Rs Nil** (Previous Year Rs 8.56 crores) on revenue account has been incurred during the year.

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.

(Rs in Crores)		
For the year ended December 31,	2013	2012
34. Earnings in foreign currency (on accrual basis)		
i) Export of goods on FOB basis	939.36	870.67
ii) Goods supplied / services rendered locally against foreign exchange remittances	108.19	55.96
iii) Erection & other services	83.84	71.76
iv) Other income :		
a) Commission	4.15	4.16
b) Service charges and others	45.41	43.08
	1,180.95	1,045.63

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

(Rs in Crores)				
	2013		2012	
	%	Amount	%	Amount
Imported	50.51	1,618.60	46.61	1,478.31
Indigenously acquired	49.49	1,586.15	53.39	1,693.49
	100.00	3,204.75	100.00	3,171.80

(Rs in Crores)		
For the year ended December 31,	2013	2012
36. Value of imports on CIF basis (on accrual basis)		
Raw materials	196.39	200.60
Components and spares	1,275.06	1,143.32
Finished goods	97.66	157.85
Capital goods including technical know-how	49.90	38.03
Project items	358.67	404.01
	1,977.68	1,943.81
37. Expenditure in foreign currency (on accrual basis)		
Royalty and technology fees	197.05	181.39
Trade-mark fees	59.88	58.37
Professional / project consultancy	10.10	2.71
Travelling and conveyance	12.59	11.76
Information technology expenses	43.49	58.19
Others	106.87	120.61
	429.98	433.03

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	15,89,31,987
iii) Year ended to which the dividend related December 31,	2012	2011
iv) Amount remitted	47.68	47.68

39. Construction Contracts

Contract revenue recognised for the financial year	2,805.98	2,839.09
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all the contracts in progress up to the reporting date	11,752.58	13,234.32
Amount of customer advances outstanding for contracts in progress	509.94	651.12
Amount of retentions due from customers for contracts in progress	1,151.29	1,132.50
Amount due from customers for contracts in progress	748.51	863.97

40. Related party disclosures

a) List of related parties

Party where control exists:

ABB Limited, Zurich, Switzerland (Ultimate Holding Company)

ABB Asea Brown Boveri Limited, Zurich, Switzerland (Holding Company)

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

Subsidiary :

Baldor Electric India Private Limited., Pune, India (from December 1, 2011 till March 31, 2012. Also refer note 27)

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, Vienna, Austria

ABB AG., Mannheim, Germany

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 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 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, Vietnam

ABB Ltd., Kampala, Uganda

ABB Ltd., Kyiv, Ukraine

ABB Ltd., Lusaka, Zambia

ABB Ltd., Moscow, Russian Federation

ABB Ltd., Seoul, South 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 Qatar LLC., Doha, Qatar

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.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 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 (Pty) Ltd., Windhoek, Namibia
 Asea Brown Boveri Electrica SGPS (Angola) Limitada., Luanda, Angola
 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, United States
 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
 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 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

(Rs in Crores)		
As at December 31,	2013	2012
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	2.79	1.65
Subsidiary Company	-	0.06
Fellow Subsidiaries		
- Other fellow subsidiaries	759.40	724.60
	759.40	724.60

(Rs in Crores)

As at December 31,	2013	2012
ii) Purchases of raw materials, components, project items and traded goods		
Subsidiary Company	-	0.57
Fellow Subsidiaries		
- ABB Oy., Helsinki, Finland	374.33	329.52
- ABB AB., Västerås, Sweden	150.22	184.46
- ABB Schweiz AG., Baden, Switzerland	143.40	259.33
- Other fellow subsidiaries	822.95	712.05
	1,490.90	1,485.36
iii) Expenditure on ESAP charges		
Fellow Subsidiaries		
- ABB ESAP Limited., St. Peters' Port, Guernsey	1.37	0.20
iv) Expenditure on royalty, technology and trade-mark fees		
Holding Company	59.88	58.37
Fellow Subsidiaries		
- ABB Technology Ltd., Zurich, Switzerland	174.18	156.00
- Other fellow subsidiaries	20.04	22.56
	194.22	178.56
v) Expenditure on information technology, engineering, management and other services		
Holding Company	17.89	3.74
Fellow Subsidiaries		
- ABB Information Systems Ltd., Zurich, Switzerland	42.98	39.86
- ABB Oy., Helsinki, Finland	40.76	17.73
- ABB Global Industries and Services Limited., Bengaluru, India	35.32	46.24
- ABB Management Services Limited., Zurich, Switzerland	5.82	22.05
- Other fellow subsidiaries	55.81	65.60
	180.69	191.48
vi) Capital expenditure for technical know-how		
Fellow Subsidiaries		
- ABB S.p.A., Milan, Italy	1.31	-
- ABB Stotz-Kontakt GmbH., Heidelberg, Germany	1.20	1.01
- ABB AB., Västerås, Sweden	1.07	2.44
- ABB Oy., Helsinki, Finland	0.85	1.40
- ABB Ltda., Osasco, Brazil	-	1.38
- Other fellow subsidiaries	0.38	0.06
	4.81	6.29
vii) Other capital expenditure		
Fellow Subsidiaries		
- ABB Stotz-Kontakt GmbH., Heidelberg, Germany	14.98	2.28
- ABB Schweiz AG., Baden, Switzerland	8.53	0.96
- ABB Oy., Helsinki, Finland	4.30	-
- ABB Australia Pty Limited., Sydney, Australia	-	0.72
- Other fellow subsidiaries	6.13	1.50
	33.94	5.46
viii) Business acquisition / share purchase		
Fellow Subsidiaries		
- Baldor Holdings Inc., Boreham, United States	-	1.85
	-	1.85

(Rs in Crores)

As at December 31,	2013	2012
ix) Sale of assets (net)		
Fellow Subsidiaries		
- ABB Limited., Dhaka, Bangladesh	-	3.84
x) Trade receivables		
Holding Company	0.79	0.08
Fellow Subsidiaries		
- ABB Contracting Company Ltd., Riyadh, Saudi Arabia	2.88	44.24
- Other fellow subsidiaries	200.69	180.26
	203.57	224.50
xi) Loans and advances		
Fellow Subsidiaries		
- ABB Schweiz AG., Baden, Switzerland	2.94	1.34
- ABB Oy., Helsinki, Finland	1.59	0.91
- ABB High Voltage Switchgear (Xiamen) Company Ltd., Xiamen, China	1.25	1.26
- ABB AB., Västerås, Sweden	1.24	4.07
- Other fellow subsidiaries	1.10	4.77
	8.12	12.35
xii) Other current assets		
Holding Company	0.64	0.52
Fellow Subsidiaries		
- ABB Management Services Ltd., Zurich, Switzerland	16.51	1.25
- ABB AB., Västerås, Sweden	8.36	8.29
- ABB Global Industries and Services Limited., Bengaluru, India	7.71	1.53
- ABB Technology Ltd., Zurich, Switzerland	5.86	10.70
- ABB Limited., Dhaka, Bangladesh	-	3.84
- Other fellow subsidiaries	8.22	0.94
	46.66	26.55
xiii) Creditors for acquisition		
Fellow Subsidiaries		
- ABB Global Industries and Services Limited., Bengaluru, India	55.93	60.95
xiv) Trade payables		
Holding Company	0.01	7.30
Subsidiary Company	-	0.42
Fellow Subsidiaries		
- ABB Oy., Helsinki, Finland	134.34	112.21
- ABB Schweiz AG., Baden, Switzerland	67.85	77.43
- ABB AB., Västerås, Sweden	47.66	59.40
- Other fellow subsidiaries	325.90	257.11
	575.75	506.15
xv) Other liabilities		
Holding Company	19.93	9.30
Fellow Subsidiaries		
- ABB AS., Billingstad, Norway	8.77	-
- ABB Contracting Company Ltd., Riyadh, Saudi Arabia	7.78	-
- ABB Oy., Helsinki, Finland	-	3.20
- ABB S.p.A., Milan, Italy	-	1.57
- ABB AB., Västerås, Sweden	-	1.18
- Other fellow subsidiaries	52.91	4.51
	69.46	10.46

(Rs in Crores)		
As at December 31,	2013	2012
xvi) Dividend paid during the year		
Holding Company	43.92	43.92
Fellow Subsidiaries	3.76	3.76
xvii) Remuneration to managing director	2.83	2.60
xviii) Remuneration to chief financial officer	1.04	0.98

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.

41. Exchange rate variation - (gain) / loss (net) for the year includes loss on account of fair valuation of foreign exchange forward contracts for firm trade commitments amounting to **Rs 3.52 crores** (Previous Year gain of Rs 5.68 crores).

42. Provisions

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

(Rs in Crores)					
Class of provisions	As at January 1, 2013	Additions	Amounts used	Unused Amounts reversed	As at December 31, 2013
Warranties	108.41 (100.83)	53.60 (84.90)	32.05 (48.76)	6.75 (28.56)	123.21 (108.41)
Sales tax	32.58 (32.94)	13.23 (1.54)	3.32 (1.90)	- -	42.49 (32.58)
Litigations	5.71 (5.71)	- -	- -	- -	5.71 (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, 2013 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 **Rs 1.37 crores** (Previous Year Rs 0.20 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 **Rs 341.51 crores** (Previous Year Rs 455.33 crores).
 - ii) Forward cover for expected future sales or highly probable forecast transaction as of balance sheet date is **Rs 446.77 crores** (Previous Year Rs 208.86 crores).
 - iii) Forward cover for foreign currency trade payables outstanding as of balance sheet date is **Rs 772.56 crores** (Previous Year Rs 673.78 crores).
 - iv) Forward cover for expected future purchases or highly probable forecast transaction as of balance sheet date is **Rs 320.42 crores** (Previous Year Rs 501.59 crores).
 - v) Foreign currency exposure (net) that are not hedged by derivative instruments or otherwise is payable **Rs 190.60 crores** (Previous Year payable is Rs 54.68 crores).
45. Excise duty on sales amounting to **Rs 474.78 crores** (December 31, 2012: Rs 461.37 crores) has been reduced from sales in the statement of profit and loss. Excise duty reversal on increase in inventory of finished goods amounting to **Rs 2.43 crores** (December 31, 2012: Rs 0.16 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"

46. 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, 2013.

Year	Commodity	Number of contracts	Contractual quantity	Buy / Sell
2013	Copper	26	750 MTs	Buy
2012	Copper	31	825 MTs	Buy

47. 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.

(Rs in Crores)				
	2013		2012	
	Gratuity	Provident Fund	Gratuity	Provident Fund
i) Change in benefit obligations				
Projected benefit obligations at beginning of the period	87.49	324.73	76.10	290.69
Acquired on amalgamation	0.35	-	-	-
Current service cost	7.35	17.81	7.52	18.40
Contribution by plan participants (employees)	-	39.83	-	41.84
Interest cost	6.83	24.94	6.43	26.16
Benefits paid	(9.46)	(44.90)	(9.44)	(44.35)
Actuarial loss / (gain)	(2.06)	(0.53)	6.88	(8.01)
Projected benefit obligations at the end of the period	90.50	361.88	87.49	324.73
ii) Change in plan assets				
Plan assets at the beginning of the period, at fair value	81.17	323.48	70.05	285.98
Acquired on amalgamation	0.21	-	-	-
Contributions	9.82	57.64	14.44	58.99
Expected return on plan assets	7.33	28.86	6.53	24.19
Actuarial (loss) / gain	0.11	(0.10)	(0.41)	(1.33)
Benefits paid	(9.46)	(44.90)	(9.44)	(44.35)
Plan assets at the end of the period, at fair value	89.18	364.98	81.17	323.48
iii) Actual return on plan assets				
Expected return on plan assets	7.33	28.86	6.53	24.19
Actuarial (loss) / gain on plan assets	0.11	(0.10)	(0.41)	(1.33)
Actual return on plan assets	7.44	28.76	6.12	22.86
iv) Present value of the defined benefit obligation	90.50	361.88	87.49	324.73
Plan assets at the end of the period, at fair value	89.18	364.98	81.17	323.48
Liability recognised in the balance sheet	1.32	-	6.32	1.25
v) Expense recognised in the statement of profit & loss				
Current service cost	7.35	17.81	7.52	18.40
Interest cost	6.83	24.94	6.43	26.16
Expected return on plan assets	(7.33)	(28.86)	(6.53)	(24.19)
Actuarial loss / (gain)	(2.17)	(0.43)	7.29	(6.68)
Surplus of the trust	-	4.35	-	-
Total *	4.68	17.81	14.71	13.69
* Excludes contribution to recognised provident fund				
vi) Investment Details (% invested)				
GOI securities	19.4	20.9	22.0	22.3
State Government securities	11.4	20.5	14.6	17.4
PSU securities	20.4	42.1	24.5	40.5
Special deposit scheme / Funds with LIC	43.8	5.8	34.4	6.8
Others (including bank balances)	5.0	10.7	4.5	13.0
	100.0	100.0	100.0	100.0
vii) Assumptions				
Interest rate for discount - per annum	8.80%	8.80%	8.25%	8.25%
Estimated rate of return on plan assets - per annum	9.00%	8.75%	9.00%	8.25%

(Rs in Crores)					
viii) Experience Adjustment	2013	2012	2011	2010	2009
Gratuity					
Defined benefit obligation	90.50	87.49	76.10	66.71	57.56
Plan assets	89.18	81.17	70.05	59.50	54.10
Surplus / (deficit)	(1.32)	(6.32)	(6.05)	(7.21)	(3.46)
Experience adjustments on plan liabilities	1.56	2.38	5.38	4.30	0.82
Experience adjustments on plan assets	(0.11)	0.41	0.30	0.62	(0.10)
Provident Fund					
Defined benefit obligation	361.88	324.73	290.69	247.96	208.63
Plan assets	364.98	323.48	285.98	243.79	204.81
Surplus / (deficit)	3.10	(1.25)	(4.71)	(4.17)	(3.82)
Experience adjustments on plan liabilities	9.32	(8.05)	(3.76)	1.73	3.54
Experience adjustments on plan assets	0.10	1.33	2.85	(2.70)	0.11

Notes:

- a) **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.
 - b) **Provident Fund Plan**
The Company manages provident fund plan through a provident fund trust for its employees which is recognised 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.
 - c) 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.
 - d) The Company expects to contribute **Rs 6.00 crores** (Previous Year Rs 16.00 crores) to gratuity fund and **Rs 18.00 crores** (Previous Year Rs 15.00 crores) to provident fund in 2014.
 - e) The attrition rate for gratuity varies from 1% to 8% for various age groups.
48. The Company has entered into contracts for sales of goods with a private company in which one of the directors of the Company is also a director which requires approval of the Central Government under section 297 of the Companies Act, 1956. The Company is in the process of obtaining the necessary approvals.
49. Pursuant to the amalgamation of Baldor Electric India Private Limited with the Company, the figures of the current year are not strictly comparable to those of the previous year. The figures of the previous year have been regrouped / reclassified, where necessary, to conform with the current year's classifications.

As per our report of even date

For S.R.BATLIBOI & CO. LLP
ICAI Firm Registration Number: 301003E
Chartered Accountants

Per Navin Agrawal
Partner
Membership No.: 56102
Vadodara, February 18, 2014

For and on behalf of the Board

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

Vadodara, February 18, 2014

**ATTENDANCE
SLIP****ABB India Limited**

Registered Office: 2nd Floor, East Wing, Khanija Bhavan,
49, Race Course Road, Bengaluru – 560 001.

DP ID	
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Client ID/ Folio No.	
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No. of Shares	
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NAME & ADDRESS OF THE REGISTERED SHAREHOLDER

I hereby record my presence at the **SIXTY FOURTH ANNUAL GENERAL MEETING** of the Company at “Grand Ball Room”, Second floor, Sheraton Bangalore Hotel at Brigade Gateway, 26/1, Dr Rajkumar Road, Malleshwaram-Rajajinagar, Bengaluru – 560 055, on Monday, May 5, 2014 at 11.00 A.M. (IST)

SIGNATURE OF THE ATTENDING MEMBER/PROXY.....

- Notes: 1. A Member/Proxy holder attending the meeting must bring the Attendance Slip to the meeting and hand it over at the entrance duly signed.
2. A Member/Proxy holder attending the meeting should bring copy of the Annual Report for reference at the meeting.

**PROXY
FORM****ABB India Limited**

Registered Office: 2nd Floor, East Wing, Khanija Bhavan,
49, Race Course Road, Bengaluru – 560 001.

I/We.....
of.....in the district of.....being a Member/
Members of ABB India Limited, hereby appoint of
.....in the district of.....or
failing him/her.....of.....in the district
of.....as my/our proxy to attend and vote for me/us on my/our behalf at the **SIXTY FOURTH ANNUAL
GENERAL MEETING** of the Company at “Grand Ball Room”, Second floor, Sheraton Bangalore Hotel at Brigade Gateway, 26/1, Dr Rajkumar
Road, Malleshwaram-Rajajinagar, Bengaluru – 560 055, on Monday, May 5, 2014 at 11.00 A.M. (IST) and at any adjournment thereof.

Signed thisday of.....2014.

DP ID	
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Client ID/ Folio No.	
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No. of Shares	
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SIGNATURE OF MEMBER/S.....

Affix Re. 1/-
Revenue
Stamp

- Notes: 1. The proxy must be returned so as to reach the Registered office of the Company at 2nd Floor, East Wing, Khanija Bhavan, 49, Race Course Road, Bengaluru – 560 001, not less than FORTY-EIGHT HOURS before the time for holding the aforesaid meeting.
2. A Proxy need not be a member of the Company.

ABB India Limited

2nd Floor, East Wing

Khanija Bhavan

49, Race Course Road

Bengaluru – 560 001, India

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