



Building on our technology leadership

ABB Limited, India - Annual Report 2012



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This is ABB

ABB is one of the world's leading power and automation engineering 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."



Five-year Highlights

(Rs in Crores)

Description	2012	2011	2010	2009	2008
Sources of Funds					
Share Capital	42.38	42.38	42.38	42.38	42.38
Reserves	2,555.67	2,492.14	2,381.32	2,367.35	2,062.29
Net Worth	2,598.05	2,534.52	2,423.70	2,409.73	2,104.67
Borrowings	327.68	-	-	-	0.02
Funds Employed	2,925.73	2,534.52	2,423.70	2,409.73	2,104.69
Income and Profits					
Revenue from Operations	7,564.99	7,448.97	6,359.33	6,291.44	6,898.91
Operating Profit Before Interest and Depreciation	336.49	361.78	155.98	582.96	833.92
Profit Before Tax	206.21	267.74	100.23	527.40	833.24
Tax	68.80	83.20	37.00	172.76	285.83
Profit After Tax	137.41	184.54	63.23	354.64	547.41
Dividend / Dividend Tax	73.88	73.72	49.26	49.58	54.54
Retained Earnings	63.53	110.82	13.97	305.06	492.87
Other Data					
Gross Fixed Assets	1,702.63	1,536.38	1,045.34	959.78	863.81
Debt Equity Ratio	0.13:1	0.00:1	0.00:1	0.00:1	0.00:1
Net Worth Per Equity Share - Rs	122.61	119.61	114.38	113.72	99.32
Earnings Per Equity Share - Rs	6.48	8.71	2.98	16.74	25.83
Dividend Per Equity Share - Rs	3.00	3.00	2.00	2.00	2.20
Profit After Taxes as % to Average Net Worth	5.35	7.44	2.62	15.71	29.46
Order received	6,966.20	8,188.80	6,349.60	8,684.70	8,054.10
Order backlog	8,672.50	9,128.80	8,436.20	8,478.70	6,161.80
Number of permanent employees	6,752	6,926	6,128	6,222	6,496

Strong local footprint

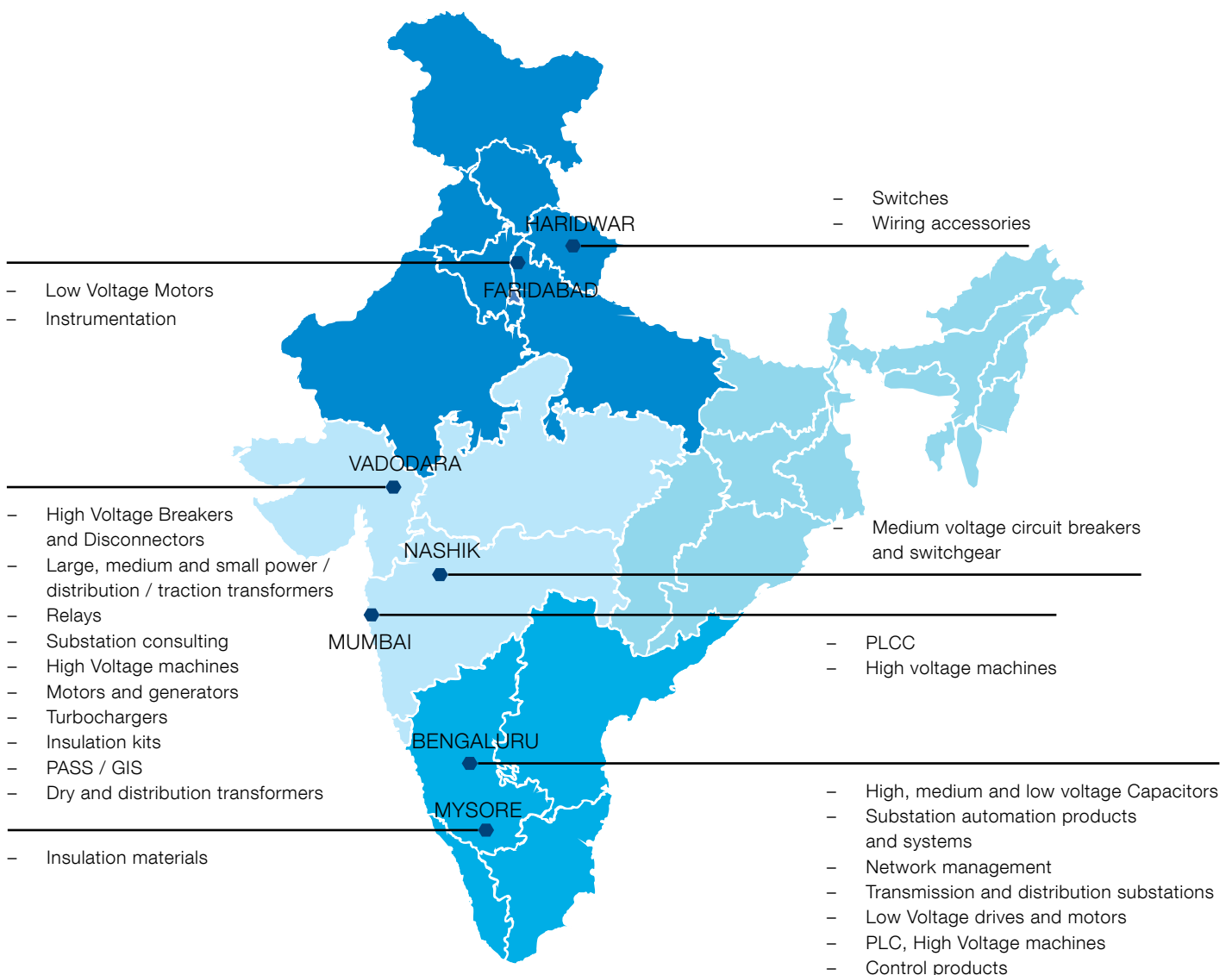
First set up in India in 1949, ABB operations are spread across 12 manufacturing facilities and an extensive network of marketing offices and channel partners. Apart from catering to local needs, Global Focus Feeder Factories supply their products to ABB globally: SafeLink CB and Relays and Breakers from Nashik, Outdoor Breakers and Operating Mechanism FSA relays from Vadodara and PQC Statcon from Bengaluru.

Some interesting facts about ABB in India:

- Top-ranking market position in motors, transformers, drives, circuit breakers and wiring accessories
- Mega projects either won or executed include: implementing the world's largest HVDC multi-terminal system to transmit power across almost 1,728 kilometers;

enhancing energy efficiency and better blast furnace throughput at TATA Steel's Kalinganagar plant; one of the largest Build, Operate, Own, Transfer (BOOT) projects in the transmission sector in India that will help strengthen the grid in India's most populous state, Uttar Pradesh

- Close to 30,000 products are manufactured annually across ABB's facilities in India – from the smallest circuit breakers to the largest power transformers
- In 2012, 1,287 tonnes of non-hazardous waste, 406 tonnes of hazardous waste and nearly 20 percent of water consumed were recycled
- ABB received the Golden Peacock Award 2012 and The Greentech Environmental Award – Silver category 2012 for environmental leadership in business



Country Management Committee

From left to right

Stefan Backstrom Head, Legal and Integrity

Tajinder Vohra Country Operations Officer

Priteesh Mahajan Division Manager, Process Automation

Raja Radhakrishnan Head, Human Resources

N Venu Division Manager, Power Systems

R Narayanan Division Manager, Discrete Automation and Motion

Bazmi R. Husain Managing Director

Amlan Datta Majumdar Chief Financial Officer

Giandomenico Testi Chief Technology Officer

Pitamber Shivnani Division Manager, Power Products

Madhav Vemuri Country Service Manager

Vikram Kanth Head, Communications and Investor Relations

Subir K Pal Head, Business Development and Marketing

Tommy Andreasson Division Manager, Low Voltage Products



Board of Directors and Company information

Board of Directors

Gary Steel, Chairman
Bazmi R. Husain, Managing Director
N.S. Raghavan
Nasser Munjee
Darius E. Udawadia
Arun Kanti Dasgupta
Peter Leupp
Francis Duggan

Company Secretary

B. Gururaj

Registrar and Share Transfer Agents

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

Bankers

AXIS Bank Limited
Bank of America, N.A.
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

Auditors

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

Registered Office

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

Cost Auditors

M/s. Ashwin Solanki & Associates,
Cost Accountants
Mr. T.L. Sangameswaran, Cost Accountant

Technologies for a better India

The subcontinent has witnessed an unprecedented level of economic expansion. To sustain this growth, ABB in India is actively reaching out and partnering with stakeholders to discover new ways of applying innovation, technology and global experience to find solutions to help build and sustain a low-carbon economy. Energy is a critical driver in accelerating economies. But what is more relevant in today's environment is making energy sustainable and a viable proposition.

Power and automation

Over time, the power landscape has been changing, from 220 kV to 400 kV and now for the first time in India, an extra high-voltage (EHV) 765 kV transmission network is being established. ABB in India commissioned three 765 kV substations in the states of Maharashtra, Madhya Pradesh and Chhattisgarh. The Company is supporting the development of the country's power infrastructure by working with Powergrid Corporation India, Limited (PGCIL) to establish a 765 kV network in India. The EHV lines will have fewer transmission losses, improving efficiency and reliability of power supply.

Alongside, with the growth of renewable energy, ABB in India is uniquely positioned to offer a diverse and integrated range of products and solutions with a determined focus on indigenization, to offer localized solutions for the solar business.

ABB is also capitalizing on mega trends such as urbanization and emerging economies, resource efficiency and climate change, exploiting disruptive opportunities, such as direct current (DC) technologies, to enable a wide range of energy-efficient automation and power solutions. Supplying power solutions to mass rapid transport systems in all the major metropolitan cities from Mumbai and Delhi to Bengaluru and Jaipur, is an example of the needs emerging as a result of rapid urbanization.

ABB's automation solutions, across industries, have helped plants improve yield and productivity of processing lines, improved quality and finishing and reduced turnaround time. From cement and pulp and paper to the automotive industry,

ABB delivers integrated automation solutions for control, plant optimization, and industry-specific application knowledge and services to help customers meet their critical business needs in the areas of operational profitability, capital productivity, risk management and global responsibility.

Technology

The continuously rising demand for electricity and the need for reliable power is likely to create a strong need for technologies like Flexible AC Transmission Systems (FACTS). FACTS solutions increase transmission capacity by minimizing bottlenecks and improve the availability, reliability, stability and quality of the power supply.

ABB is also setting higher standards in HVDC technology with the world's first multi-terminal 800 kilovolt (kV) UHVDC link that will supply electricity from hydropower from North East India to Agra, across 1,728 kilometers. The link, when fully operational, will light up the lives of 90 million people in the surrounding areas.

Some automation solutions that have revolutionized industries include the 800xA and robotics. ABB's Extended Automation System 800xA provided – for the first time – a single environment and a common platform for a plant's entire operations, from engineering to process optimization and asset management. It has the capability not only to integrate the automation and information management systems in a single plant, but to link the systems of plants at different sites, and in different countries, into a single, integrated entity.

A market and technology leader in robotics, ABB supplies paint robots not just to car companies like Ford, Renault and Nissan, but also to customers from general industry like Asian Paints, Saint Gobain and Michelin. This is because base applications such as pelletizing, high-speed picking and packing and press automation, in addition to supplying paint process automation and welding and cutting, including body-in-white (BIW) also apply to general industry.

Some significant projects and orders

- Turnkey solution including solar panels, inverters and switchgear for 2x25 MW Solar Power Plant from Megha Engineering, for Mahagenco
- Export order from Ceylon Electricity Board for 132/33 kV substation at Galle, Sri Lanka eBoP solution
- 400/220 kV gas-insulated switchgear (GIS) at Navsari
- 765/400 kV substation at Agra and Wardha
- Traction electrification, power supply, power distribution and SCADA system for the Mumbai Metro
- Fourteen 500 megavolt ampere (MVA), single-phase 765 kV class auto transformers from PGCIL Jabalpur substation
- 765 kV circuit breaker and instrument transformer order from LandT for JP project
- Solar inverters from Megha Engineering and under KREDL, REC and Gujarat solar schemes
- Orders from wind power producers like Gamesa, Siemens and Inox
- Traction converters from Chittaranjan Loco Works
- High current rectifiers from Hindalco
- The first large data center order from Vodafone
- Off-shore control and SCADA system for production well heads for British Gas, India
- Export order from ACC Rabigh Cement, Saudi Arabia for revamping their existing plant
- Automation systems for Tata steel 'I' blast furnace for LandT
- Start-up of production in the Heidelberg cement expansion project
- Automation and MES solution for Asian Paints' Rohtak plant expansion

Business Responsibility Report

Overview of Sustainability at ABB Limited, India

The Company is committed to creating “a better world” through sustainable business practices. For the Company, sustainability is about balancing economic success, environmental stewardship and social progress to benefit all stakeholders.

Sustainability considerations cover everything the Company does; from design and manufacture of products for customers, engaging suppliers, assessing risks and opportunities, to contributing to communities. The Company strives to ensure the health, safety and security of employees, contractors and others affected by business operations.

The ABB Group sustainability strategy has been framed on the basis of responses from global stakeholder surveys. In line with this strategy, the Company actively and regularly engages with stakeholders including, but not limited to, employees, customers, communities and trade bodies.

The Company strives to avoid and / or minimize the impact of its business activities on the environment. Environmental management is one of its highest business priorities, as reflected in its commitment towards its environmental policy. The Company's facilities are certified under the ISO 14001 standard. The Supplier Code of Conduct promotes environmental responsibility through the value chain. The Company strives to create a secure working environment for its employees, contractors and third parties. The Company has integrated health and safety in all its activities, encouraging safety leadership at every level and ensuring appropriate resources to achieve health and safety goals.

The Company's commitment to the realization of human rights is embedded in ABB Group's human rights and social policies. These policies subscribe to applicable national laws and internationally recognized human rights standards. They specifically refer the ILO Core Conventions as the minimum to be achieved, with respect to non-discrimination, prohibition of child and enforced labor, and freedom of association and the right to engage in collective bargaining. The Company requires suppliers and contractors to adhere to the processes and procedures aligned to human rights and social policies as prescribed in the Supplier Code of Conduct.

The Company's Code of Conduct is the integrity framework that describes the behaviour expected of employees and other stakeholders. It uses a systematic approach, supported by tools and processes and a zero tolerance policy towards violations.

As a responsible corporation, the Company believes in equitable development and inclusive growth, engaging with suppliers, contractors, and partners in a way that nurtures their growth and development. Small and medium enterprises (SMEs) make up 25 to 30 percent of the vendor base. The Company's employment program, through NGOs, for the differently-abled and the ‘access to electricity’ projects in Rajasthan and West Bengal are testimonies to the continued support of and investment in communities, especially the vulnerable sections of the society. In 2012, the Company spent close to 2 percent of its net income on corporate social responsibility.

The Company's commitment and efforts towards sustainability have been recognized through two prestigious awards during the year: the Golden Peacock Award for Sustainability and the 13th Annual Greentech Award (Silver Category) in the Engineering Sector for its manufacturing unit in Nashik.

Sustainability in business operations

The Company's sustainability practices in business operations can be grouped under three focus areas: healthy and safe working environment, environmental responsibility, and supply chain sustainability.

Healthy and safe working environment

The Company strives to provide a safe and healthy working environment at all sites and facilities that it owns and/or operates, taking reasonable steps to prevent incidents and injury to health arising out of the course of work by minimizing or eliminating, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

The Company's Health and Safety Policy supports the development of a health and safety culture based on prevention. The Policy requires that all activities are covered by an Occupational Health and Safety (OHS) management system that meets the requirements of OHSAS 18001. It also covers organization, responsibilities and accountabilities for OHS.

One of the key commitments of the OHS Policy is compliance with applicable laws and regulations. At every stage of a project, service, or manufacturing cycle, the objective is to meet and/or exceed the requirements of the applicable laws and national and international standards. Accordingly, health and safety standards are consistent with applicable international labour standards and ILO conventions as the minimum level of performance. Specifically, the 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 integrated OHS into all business activities, encouraging safety leadership at every level. This is supported by an annual, approved OHS plan. Recognizing the specific needs of various business divisions, there are customized OHS initiatives such as the Electrical Safety Initiative in Power Systems business or the Transformer Safety Initiative in Power Products business.

The Company's OHS program extends to suppliers and contractors. These policies require that suppliers implement a health and safety policy and ensure that all operations and processes comply with relevant standards, legislations and international conventions. As a general objective and guiding principle, the Company wants to do business with suppliers who have implemented health and safety management systems that comply with the requirements of OHSAS 18001.

The contractors and service providers are required to comply with the Company's health and safety standards, as applicable. Their competence and capability to undertake the tasks in a safe and healthy way must be assessed against agreed standards set in advance of the contract.

With nearly 18 million employee-man-hours and 21 million contractor-man-hours worked in 2012, there were: no cases of fatality; 3 serious injuries with lost time; 40 injuries requiring medical treatment; no high potential incidents; and no restricted work day case.

Environmental responsibility

The Company is committed to environmental sustainability in all areas of its operations. The Company endeavors to reduce the impacts of operations; there are also significant contributions to environmental sustainability through developing and offering resource-efficient and environmentally-friendly products to customers. The Environment Policy focuses on the management of environmental issues throughout the product life cycle, from the development phase through manufacturing and eventual recycling or disposal.

The Company requires all of its manufacturing and service sites to develop and maintain a management system based on ISO 14001. Most of the manufacturing locations have achieved ISO 14001 certification and a few are in the process of getting certified. Environmental risk identification, assessment, and mitigation are carried out as an integral part of the process of developing ISO 14001 management system. Periodical environmental audits are conducted to identify new risks and to understand how positive changes can be made to ensure continual improvement.

ABB Group uses the Gate Model for developing environmentally sustainable products with checkpoints to ensure that environmental considerations are built into new products. The Company offers these products with or without indigenized design or components to its customers across various market segments.

As a part of the Gate Model, Environmental Product Declarations (EPDs) are developed based on Life Cycle Assessments (LCAs). These EPDs provide quantitative information in comparable terms; for example, the global warming effects and the use of non-renewable resources, in each phase of the life cycle. Substation automation products, solar inverters, drives, and breakers are some of the products among the 80 or so products for which LCA information is made available. Product labels are provided as required.

The SafeLink Circuit Breaker is an example of the Company's LCA approach to assessing and addressing environmental impacts of products. SafeLink CB is an SF6-insulated outdoor ring main unit for applications in 12/13.8 kV medium-voltage distribution networks.

The Company strives to improve resource efficiency by reducing consumption of resources like energy and water and avoiding, reducing, and/or recycling wastes. The total electricity consumption for 2012 was close to 62 GWh that included approximately 68 MWh of solar energy. Water consumption for 2012 was close to 0.62 million m³. A total of about 0.11 million m³ of water was recycled and/or reused during the year, representing about 17 percent of the total compared to about 14 percent recycled in 2011.

The ISO 14001 management system also details the processes for handling hazardous and non-hazardous wastes. All facilities have respective Pollution Control Board (PCB) authorization to generate / store / handle hazardous wastes. Close to 400 tonnes of hazardous wastes was disposed in accordance with the hazardous waste authorization. Through third parties, approximately 2,100 tonnes of metal scrap and 3,000 tonnes of general waste were recycled.

Greenhouse gases and other emissions to air from operations are monitored with the objective of reducing emissions. In 2012, emissions from facilities were within the limits stipulated by consent orders and other approvals.

The Company has been providing technology, products, and solutions for grid connected solar power plants and wind farms. These solutions help address electricity needs of consumers and industries, while lowering their carbon footprint. The Company has been one of the leading players in the solar sector, supplying core electrical and automation components for up

to 225 MW of solar capacity in 2012. The Company also has leadership position in drives and control technology that contributes to significant energy savings for its industrial customers in cement and steel sectors. High energy efficiency motors hold enormous potential for customers to reduce cost and save energy. The Company actively participates in and promotes the adoption of renewable energy and energy efficiency solutions through conferences, workshops and seminars.

Supply chain sustainability

The Company understands the role and significance of suppliers and supply chain in terms of sustainability performance. As a responsible corporation, the Company uses its influence throughout the value chain to integrate sustainability measures and create a positive impact not only for its own business but also for suppliers and people who indirectly contribute to the Company's growth.

The Supplier Code of Conduct lays down basic requirements and expectations for any supplier relationship. Suppliers are expected to conduct their operations to similar values and principles on which the Company operates, and respect the protection of internationally proclaimed human rights and ensure equality of opportunity.

Some of the specific supplier requirements are as follows:

- Suppliers must comply with applicable laws and industry standards on working hours and offer adequate wages to their employees
- Suppliers must not employ children or support the use of child labor, make use of forced labor or harass or discriminate against employees
- A senior manager level employee at the supplier's end has to be accountable for ensuring that systems and procedures for social responsibility are in place

Under the Company's Supplier Qualification Self-Assessment Process, all first-tier suppliers must identify and document the significant environmental aspects and OHS risks in the scope of their supply to the Company, including the roles of sub-suppliers. They must also implement controls to eliminate or reduce these risks.

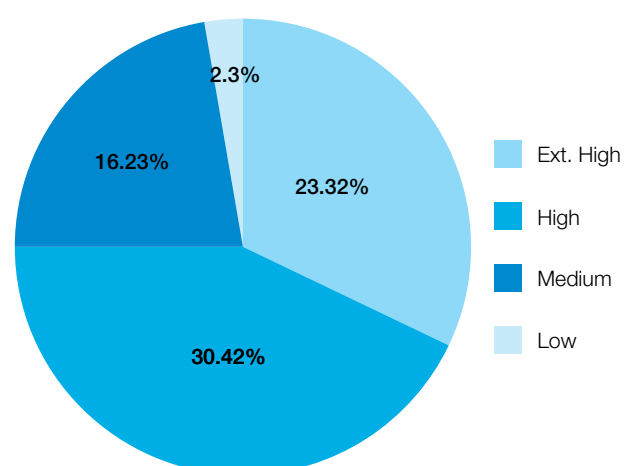
The Company is in the process of implementing a Supplier Sustainability Development Program (SSDP) as part of a comprehensive sustainable sourcing initiative. This involves collaborating with key strategic suppliers to improve their processes, assess the robustness of their systems, and monitor progress over a period of time. An independent third party carries out assessments to identify areas of improvement under the following areas:

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

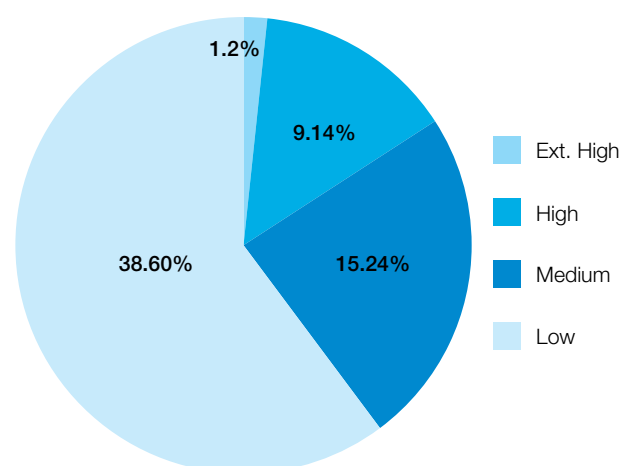
Since 2009, approximately 100 suppliers have been trained and 71 assessed on sustainability requirements. Trainings have also been conducted for over 150 employees. Since the inception of the program, internal teams made more than 140 visits to these 71 suppliers to assess the robustness of their systems and suggested improvements.

This program has helped these suppliers to improve their systems and mitigate risks. Through this program, the risk profile of the selected suppliers has been significantly reduced. Eight suppliers who did not show commitment to fulfilling the requirements of the Supplier Code of Conduct were de-sourced.

Initial risk profile of suppliers



Revised risk profile of suppliers



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 25 to 30 percent of the vendor base and a considerable share of the order value in 2012.

Stakeholder engagement

The ABB Group's sustainability strategy is based on a global stakeholder survey of nearly 600 individuals including employees, customers, suppliers, investors, governments, academics, NGOs, students and specialists. The Company adopts this strategy in its operations.

People well-being

The Company invests significant resources in learning and development programs to nurture and develop its people across all levels. Employee training is an ongoing process in ABB. In 2012, the Company provided close to 44,000 man-hours of training to its employees.

The Company focuses on excellence in personal development, operational execution, health and safety and social and environmental performance, because the best people want to work in a world-class environment.

The Company recognizes that a diverse and talented workforce brings the quality and skills that create competitive advantage. In keeping with the diversity focus, a number of programs were launched to strengthen the presence of women in executive, functional and factory roles. These measures include workshops for line managers to strengthen understanding of the business value of diversity and inclusiveness; and efforts to increase the number of women in the interview pipeline, and to raise the number of women on the shop floor. Child care centers have also been opened.

Employee well-being fact sheet

Total number of employees	6752
Total number of employees hired on contractual basis	220
Number of women employees	670
Number of permanent employees with disabilities	18
Recognized employee association	Yes
Percentage of permanent employees who are members of the recognized association	20%

Note: Unless otherwise stated, all values are as on 31 December 2012 and are rounded off.

Customer engagement

Over the past few years, the Company has been reaching out to its customers through the Net Promoter Score (NPS) survey that offers a better understanding of the customer's experience with the Company and identifies areas for improvement. In 2012, the response rate went up by almost 50 percent as compared to 2011 and this is reflected in the upward movement of the overall score from 22 to 29 percent.

The Customer Complaint Resolution Process (CCRP) is used to improve transparency and address customer complaints. Complaints/concerns can be raised by customers directly or through an employee (all employees have access to CCRP). All customer concerns are captured in CCRP. In 2012, close to 96 percent of all customer complaints logged were resolved; most of them were resolved on or before the resolution date agreed with the customers.

In the course of the year, several programs were hosted to increase the level of engagement with customers. The Company organized seminars on various topics including energy efficiency and grid reliability across different locations. The Company also participated in some prestigious forums such as Renewable Energy World 2012, ELASIA, and Minerals, Metals, Metallurgy and Materials (MMMM), showcasing ABB's products, capabilities and solutions.

Community engagement

The Company believes in inclusive and equitable growth and understands the need for judicious community investments to ensure that communities also have an opportunity to prosper. Over the last few years, the Company has been outsourcing some assembly activities to NGOs, who in turn employed close to 50 differently-abled people.

'Access to electricity' rural electrification program was launched by ABB Group in 2002. This program provides electricity to marginalized sections of society that have so far not had access to electricity. The program has been successful in raising social, environmental and economic standards in remote areas.

One of the projects under the 'Access to electricity' program has been implemented in the Barmer and Jodhpur districts of Rajasthan. Under a

public-private partnership (PPP), the project provides power to desert hamlets using domestic solar photovoltaic lighting systems. The project which started in 2005, now covers several hamlets with nearly 1,100 households benefiting more than 7,000 people. The costs of installing the panels have been shared equally among ABB Group, the NGO, and the villagers.

The benefits of the electrification project in Rajasthan include:

- The productivity of weavers and tailors has risen by approximately 45 percent over the past two years;
- Children can now study after dark; and
- Electricity has replaced kerosene, reducing the danger of fires and easing health problems

Another successful initiative under 'Access to electricity' program is the Sundarbans project in West Bengal. Lack of access to electricity has impeded the development of this remote area. Working with the NGO, World Wildlife Fund (WWF), villages have been provided with a centralized solar photovoltaic charging station of 4.1 kW. The beneficiaries comprise about 100 households of a tribal community. In addition to the solar photovoltaic (SPV) power plant, 'energy access kits' comprising batteries, charge controllers, luminaries, cell phone charging kits etc. have been installed in every household. The project is managed by a council of local women.

By providing clean and safe energy, the project is expected to improve the lives and livelihood of the community members as well as reduce human-wildlife conflict in this tribal hamlet that is on the fringe of the Sundarbans forest.

Advocacy and trade bodies

The Company is a member of the Confederation of Indian Industry (CII), India Trade Manufacturers Association (ITMA), Institution of Electronics and Telecommunication Engineers (IETE), Indian Electrical & Electronics Manufacturers' Association (IEMA), and several State and local chambers of commerce and industry.

Respecting and promoting human rights

The Company seeks to identify, assess, and manage human rights impacts within its sphere of influence and activities, in line with the ABB Group Human Rights Policy. The Company has taken a number of steps to embed human rights awareness and practice throughout the organization.

ABB Group adopted a Human Rights Policy in 2007 that is drawn on the Universal Declaration of Human Rights, the ILO Core Conventions on Labour Standards, OECD Guidelines for Multinational Enterprises, the Social Accountability 8000 Standard and the UN Global Compact. These policies specifically refer the ILO Core Conventions as the minimum standard to be achieved with respect to non-discrimination, prohibition of child labor and enforced labor, freedom of association and the right to engage in collective bargaining.

As part of a global training program, ABB Group human rights experts conducted three courses on the 'business responsibility to respect human rights' in 2012 – two in Bengaluru and one in Vadodara. The half-day training sessions brought together about 100 representatives of the business and key functions.

Ethics, transparency and accountability

The Company strives to conduct its business to the highest standards of business integrity. The Integrity Program sets high standards of integrity,

which are expected of every employee and in every country where the Company has business operations. The Integrity Program uses a systematic approach, supported by policies, training, tools and processes and a zero tolerance policy for violations.

The Company follows the ABB Group Code of Conduct, which is the integrity framework that describes the behavior expected of employees and other stakeholders. It contains practical instructions to help employees in their day-to-day work. All current and new employees are required to take Code of Conduct training.

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 ABB Group is a member of the World Economic Forum's Partnering Against Corruption Initiative (PACI) and is a signatory to the International Chamber of Commerce (ICC) anti-corruption rules.

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. ABB Group Directives and Instructions provide employees with specific guidelines for the practical application of the ABB Code of Conduct in day-to-day activities.

In line with the ABB Group whistle blower protection policy, the Company encourages employees to speak up and report integrity and compliance concerns and to seek guidance. Multiple channels are available to all employees to report integrity concerns. A third-party-run multilingual Business Ethics Hotline is available 24 hours a day, seven days a week. Calls are treated confidentially and people with information can choose to remain anonymous. A Stakeholder Hotline is also made available to external business partners.

The Company also has an Ombuds program as an additional route for integrity reporting. Currently, the Company has 6 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. There is a strict zero tolerance policy for violations of the law or the ABB Code of Conduct, which is enforced through systematic disciplinary actions.

Agreements with suppliers, subcontractors and consortium partners are governed by the Company's commitment to integrity. The commitments include, but are not limited to, anti-bribery laws.

Links to 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.co.in/cawp/abbzh258/20d663570aa2a7e0c1256d3c005b8fe6.aspx>

Social Policy:

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

Human Rights Policy:

<http://www.abb.co.in/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>

Safelink CB:

<http://www.abb.co.in/product/db0003db004279/af21db982197450ec12579bb0045dae1.aspx>

Access to electricity:

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

Community program for differently-abled people:

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

Notice to the Members

NOTICE is hereby given that the SIXTY-THIRD ANNUAL GENERAL MEETING of the Members of **ABB Limited** will be held at **'Trinity Hall' Vivanta by Taj – M G Road, 41/3 Mahatma Gandhi Road, Bengaluru – 560 001**, on **Thursday, May 9, 2013** 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, 2012 and the Audited Statement of Profit and 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. Darius E. Udawadia, who retires by rotation at this Annual General Meeting, and being eligible, offers himself for re-election.
4. To appoint a Director in place of Mr. N. S. Raghavan, who retires by rotation at this Annual General Meeting, and being eligible, offers himself for re-election.
5. To appoint M/s. S.R. BATLIBOI & CO., Chartered Accountants having registration number 301003E, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

Special business:

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

"RESOLVED THAT pursuant to the provisions of Section 21 and any other applicable provision(s), if any, of the Companies Act, 1956 and subject to the approval of the Central Government, and such other approvals as may be required, the consent of the Members be and is hereby accorded to the name of the Company being changed from the existing "ABB Limited" to the new name **"ABB India Limited"**.

RESOLVED FURTHER THAT upon receipt of the Central Government approval, the name "ABB Limited", wherever appearing in the Memorandum and Articles of Association of the Company, be substituted by the new name **"ABB India Limited"** therein.

RESOLVED FURTHER THAT the Managing Director and / or the Company Secretary be and are hereby severally authorized to do all such acts, deeds, matters and things as may be deemed expedient and necessary to give effect to this Special Resolution."

By Order of the Board
For ABB Limited

B. Gururaj
Company Secretary

Place: Bengaluru
Date : March 19, 2013

Registered Office:
2nd Floor, East Wing, Khaniya 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 173(2) of the Companies Act, 1956, setting out the material facts in respect of special business under Item No. 6 is 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 May 3, 2013 to May 9, 2013 (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 14, 2013, 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 May 2, 2013 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 May 2, 2013.
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 205-A 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, 2005 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, 2004, 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 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 furnished in the Corporate Governance Section of this Annual Report.
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 bring their Annual Report along with them at the Meeting.
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.

Annexure to Notice

Explanatory Statement under Section 173(2) of the Companies Act, 1956

Item No. 6

The "Holding company" of the Company's promoters, viz., ABB Asea Brown Boveri Limited, Zurich, Switzerland also bears the same name as that of your Company, namely, "ABB Limited".

Identical names of two entities in the ABB Group often gives rise to confusion and also a mistaken identity to the general public both in India

and overseas, particularly whenever there is any news in the media and/or in the market.

In order to avoid such a situation, the Directors have decided, subject to all applicable regulatory approvals, to change the name of the Company from "ABB Limited" to "ABB India Limited" so that the Indian subsidiary is easily distinguished from any other company in the ABB Group including its holding company, ABB Limited, Zurich, Switzerland.

The Registrar of Companies, Karnataka, Bengaluru, has confirmed the availability of the proposed new name viz., ABB India Limited, vide its letter dated March 18, 2013.

Section 21 of the Companies Act, 1956 provides that the Company may, by a Special Resolution and with the approval of the Central Government change its name. The Central Government's power to grant approval to the change of name has been delegated to the Registrar of Companies. Accordingly, consent of the Members is being sought by way of a Special Resolution for the said purpose.

The approval of the Registrar of Companies, Karnataka, Bengaluru to the above change of name will be obtained by the Company. The change of name would be complete and effective only on the issue of a fresh certificate of incorporation by the Registrar of Companies, Karnataka, Bengaluru.

For the above reasons, your Directors recommend the Special Resolution for approval.

A print of the existing Memorandum and Articles of Association is available for inspection at the Registered Office of the Company between 11:00 A.M. to 03:00 P.M. upto and including May 8, 2013.

By Order of the Board
For ABB Limited

B. Gururaj
Company Secretary

Place: Bengaluru
Date: March 19, 2013

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

Directors' Report

Your Directors have pleasure in presenting their Sixty Third Annual Report and Audited Accounts for the year ended December 31, 2012.

Financial Results

	(Rs in Crores)	
	For the year ended December 31, 2012	For the year ended December 31, 2011
Profit before taxation	206.21	267.74
Less: Provision for tax		
- Current tax	61.20	104.80
- Deferred tax	7.60	(17.80)
- Fringe benefit tax	-	(3.80)
Profit after tax	137.41	184.54
Balance brought forward from last year	85.51	54.69
Amount available for appropriation	222.92	239.23
Appropriations		
General reserve	64.00	80.00
Proposed dividend	63.57	63.57
Corporate dividend tax	10.31	10.31
Corporate dividend tax (previous years)	-	(0.16)
Balance carried forward	85.04	85.51
	222.92	239.23

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, 2012 on 211,908,375 equity shares of Rs 2/- each.

Performance Review

The Company secured orders valued Rs 6,966 crore in 2012 as against Rs 8,189 crore in the previous year. The decline in orders in the current year was mainly attributable to delayed decisions on a few large projects unlike in the last year wherein the Company had secured couple of landmark large orders like HVDC project from Power Grid Corporation of India Limited for nearly Rs 600 crore and 765 kV substation order from Isolux for nearly Rs 800 crore. The base orders continued to be stable in a challenging market environment. The order backlog at the end of the year stood at Rs 8,672 crore which continued to give more visibility to the future revenue streams. The revenues for the Company for the year 2012 stood at Rs 7,565 crore as against Rs 7,449 crore in the previous year, reflecting stability of operations in an uncertain market situation. Profit before tax was at Rs 206 crore in 2012 as compared to Rs 268 crore in the previous year. Additional costs required executing the orders due to inordinate time delays in the infrastructure projects, unfavorable foreign exchange impact due to rupee volatility and higher interest costs resulted in lower profitability for the Company. Net profit after tax stood at Rs 137 crore for the current year as compared to Rs 185 crore in the previous year. Consequently the earnings per share for 2012 stood at Rs 6.48 per share as compared to Rs 8.71 in 2011.

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

Subsidiary Company

During the year under review, your Company acquired 18,45,763 Non-Participating Redeemable Preference Shares of Rs 10/- each of Baldor Electric India Private Limited, for a consideration of Rs 1.85 crore.

The Consolidated Accounts have been prepared in accordance with the prescribed Accounting Standards and in line with the general exemption granted by Ministry of Corporate Affairs.

As prescribed in the Circular issued by Ministry of Corporate Affairs, the Board of Directors has, at its meeting held on February 21, 2013, passed a resolution giving consent for not attaching the Balance Sheet of the Subsidiary Company. The Audited consolidated Accounts, Auditors' Report thereon and Cash Flow Statement, comprising your Company and its Subsidiary Company, form part of this Annual Report. Shareholders who wish to have a copy of the annual report and accounts of the Subsidiary will be provided on receipt of a written request from them. The above documents will also be available for inspection by any share holder at the registered office of the Company as well as registered office of the Subsidiary Company, on any working day during the business hours.

Amalgamation of Subsidiary Company

The Board at its meeting held on September 26, 2012, approved the proposal of amalgamation of Baldor Electric India Private Limited with your Company. Accordingly, Scheme of Amalgamation has been filed before the Hon'ble High Court of Bombay which is pending for approval of the Court.

Transfer to Investor Education and Protection Fund

In terms of Section 205C of the Companies Act, 1956, the unclaimed dividend amount aggregating to Rs 11,29,485/- lying with the Company for a period of seven years pertaining to year ended on December 31, 2004, was transferred during the year 2012, 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.

Environment, Health and Safety

The Company stays committed to the principles of Environmental stewardship & Safety in every aspect of its business. This is achieved by embedding the practices for environmental sustainability and safety in the way of doing its daily businesses. Efforts are made to create consistent awareness and training on relevant issues in that regard. In this direction, the Company has identified projects ranging from energy efficiency, waste management and disposal, looking for alternative chemicals to reduce negative impacts on the environment. Most of the locations of the Company are ISO 14001 & OHSAS 18001 certified and few locations are in the process of getting certified.

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, 2012 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 of 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 of Stock Exchanges Business Responsibility Report is provided in the Annual Report.

Board of Directors

Mr. Darius E. Udwardia and Mr. N. S. Raghavan, Directors of the Company are due to retire by rotation at this Annual General Meeting and are eligible for re-appointment.

As stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, brief profile of the Directors proposed to be re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees and shareholding are provided in the Report on Corporate Governance forming part of the Annual Report.

Change of Name

The Board at its meeting held on February 21, 2013, accorded its approval to change the name of the Company from the existing 'ABB Limited' to 'ABB India Limited'. However the said change is subject to the approval of shareholders, Registrar of Companies, Karnataka, and any other concerned authorities.

Auditors

The Company's Auditors, M/s. S.R. BATLIBOI & CO., Chartered Accountants (Firm Registration No 301003E), hold office upto the conclusion of the ensuing Annual General Meeting. The Company has received the requisite certificate from them pursuant to Section 224(1B) of the Companies Act, 1956, confirming their eligibility for re-appointment as Auditors of the Company.

Cost Auditors

The Board of Directors of the Company has appointed M/s. Ashwin Solanki & Associates, Cost Accountants, for conducting the Cost Audit in respect of Electric Motors and Mr. T. L. Sangameswaran, Cost Accountant for Cost Audit of Electrical Grade Insulation Paper and Paper Boards for the year 2012. Cost Audit reports for Electric Motors and Electrical Grade Insulation Paper and Paper Boards for the year 2011 were filed on March 16, 2012 and March 28, 2012 respectively, within the time limit as prescribed in the Cost Audit Report Rules, 2001.

Acknowledgements

The Board of Directors take this opportunity to thank its parent company, customers, members, suppliers, bankers, associates, Central and State Governments and employees for their support and co-operation extended to the Company during the year.

For and on behalf of the Board

Gary Steel
Chairman

Place: Bengaluru
Date : February 21, 2013

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 continued to be a priority for the Company. Energy conservation measures taken during the year 2012 included:

- Photo voltaic solar cell arrays installed on top of LV Drives building in Bengaluru facility, generating additional 9,000 kWhr of units per year.
- Analogue temperature controller of air conditioners changed to digital controllers.
- Structural modification of indoor unit of air conditioner in Bengaluru facility, resulting in energy efficient control of office temperature.
- Replaced FRP roof sheets with translucent polycarbonate sheets at the transformer unit at Vadodara facility, reducing usage of factory lighting.
- Maximum usage of natural day light in shop floor and canteen.
- Replaced all incandescent lamps with CFL at both Nelamangala and Faridabad facilities.
- Reduction of working days to 5 / 5.5 days a week at all the manufacturing units of the company, to optimize energy usage.
- Installed new energy efficient auto drain trap at air receivers of compressed air grid network at Vadodara facility, resulting in minimization of air wastages during draining.
- Regulated operation time of lighting and electrical equipment, including air conditioners.
- LED lighting installed with individual controls at Bengaluru facility, replacing metal Halide lighting.
- Operating at power factor.
- Optimized utilization of oven for curing varnished stator/rotor and manufactured coils at Taloja facility.
- Replacement of old water pumps with new energy efficient water pumps at Haridwar facility.
- Running lower capacity air compressor instead of higher capacity air compressor, when requirement of air was low.
- Replacement of higher capacity motors with optimum capacity motors, optimization of diesel generator set usage at the paper plant, Mysore.
- Regular preventive maintenance of air compressors to avoid air leakages.
- Awareness and training programs for employees.
- Energy audits and taking corrective actions.

Proper communication, training, increasing the awareness, better planning and preventive maintenance have collectively helped the Company reduce the consumption of electricity and diesel compared to previous years. Power availability increased compared to last year, resulting in less utilization of captive power plant. The Company continued to work towards setting up of a 66 KV line power supply to ensure uninterrupted power for its paper plant facility at Mysore. This step will further reduce usage of diesel generator sets.

Total energy saving in 2012 over 2011 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 disclosure of particulars with respect to conservation of energy at the paper unit of the company: (Previous year data is from the date of acquisition of the unit i.e. April 2011)

1.1 Power and Fuel Consumption:	2012	2011
1. Electricity		
(a) Purchased (Units in kWhr Thousands)	11,168	8,477
Total amount (Rs in Thousands)	67,343	46,621
Rate / kWhr Unit (Rs)	6.03	5.50
(b) Own generation		
Through diesel generator		
(Units in kWhr Thousands)	1,055	2,533
Units generated per litre of diesel	2.93	3.18
Oil cost / kWhr Unit (Rs)	13.97	11.30
2. Briquette		
Quantity (Tonnes)	1,295	1,274
Total amount (Rs in Thousands)	5,545	5,403
Average rate / Tonne (Rs)	4,282	4,240
3. Furnace oil		
Quantity (Litres in Thousands)	111	234
Total amount (Rs in Thousands)	5,480	9,579
Average rate / Litre	49.47	40.97
4. Paddy husk		
Quantity (Tonnes)	8,425	7,072
Total amount (Rs in Thousands)	36,887	22,771
Average rate / Tonnes(Rs)	4,378	3,220
1.2 Consumption per tonne of Production		
Electricity (Units)	1,448	1,588
Furnace oil, Paddy husk and		
Briquette (Equivalent Litres)	388	1,238

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:

- 1200 kV, 333 MVA, 1-phase Auto transformer
- 1200 kV Dead tank breaker - mixed technology solution
- 900 kV, 170 MVA, 1-phase test transformer to test 800 kV Shunt Reactors
- Short circuit tested largest 3-phase Generator transformer - 400 kV, 315 MVA
- Short circuit tested Station transformer with Twin LV - 400 kV, 95 MVA

- Over current earth fault Relay (REJ603) with enhanced functionality
- Remote input-output module relay with IEC61850 communication protocol
- 36 kV surge capacitor for GCG application
- 132/27 kV 42 MVA 1-phase Traction feeder supply transformer
- HV motors with cast iron frame made with sleeve bearing
- 11 kV HV motors with 400 mm shaft height in modular construction
- Switchgear type ZN1 and Breaker type VInd
- Compact substation type UniPack
- IP 56 and IP65 protection in frame sizes 71 - 250
- Solar pump drive with ACSM1
- T4 (3P and 4P) MCCB Breaker and OS Gamma switches
- MCB (SH 200M - C Curve, SH200)
- Unitrol 1010 and 1020
- Machsense-R energy efficiency support tool for motors and generator service
- GCB Capacitors
- LVAPP Capacitors
- Statcon
- Counter shielded disc winding for 220 kV and 400 kV class transformers
- Large core design platform for large power transformers for better efficiency
- Compact active part and Tank design for 400 kV Shunt Reactors
- Implementation of lean manufacturing process in Disconnector factory
- Improved process to achieve low shaft vibration for HV Motors
- OVB-VBF 36kV with energy efficient EL 3.0 drive
- Unigear ZS2
- VD4 36 kV 31.5 kA (natural cooling version) range extension from 2000A to 2500 A
- Die cast rotor design in frame 400, 4 pole
- New cast iron flange type housing in frame 355
- Welded tube assemblies for process master
- Combiflex accessories component development / engineering
- Aluminium Spreader terminals for Formula A1 MCCB
- ArTuk Panels with Aluminium Bus bar, for MCB housing and cover
- Test bed for NL testing of motors received for servicing
- Cryogenic cleaning kit for cleaning high voltage motor windings
- Portable dust free cabins for rewinding of turbo generator rotors
- 72.5 kV Plug and Switchgear System (PASS)
- High voltage motors up to 8000 kW
- Product data replicator (PDR) for process master
- Jigs and fixtures for testing ACB, MCCB and Switch components / products
- Tin plating in OESA, T1 and T3 MCCB products
- Copper tungsten contact tips in Emax ACBs
- ACS 5000 Power cell assembly

2.2 Expenditure on Research and Development

Considering the nature of research and development, complexity, competency required, time frame, amount and also to optimize overall cost, all major R&D efforts are pooled centrally at the Group level. Company as a beneficiary of these developments has contributed Rs 6.3 Crores to ABB Research Limited, Zurich, Switzerland. The R&D related activities undertaken by the Company have helped in localizing the products, adoption of global products to local environment and other improvements and carrying out cost saving actions. Total expenditure on such development efforts during the year is estimated to be Rs 1 crore.

2.3 Benefits derived as a result of the R&D efforts

The Company has derived multifold benefits on account of 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 of products in local and global markets.

3. Imported Technologies

3.1 Technologies imported during the last five years

- Shunt reactors	2008
- MCD-80 band pass and ETL-600	2008
- 145 kV, SF6 circuit breaker LTB145D1/B	2008
- REF601 relays	2008
- Fuseless capacitors	2008
- 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 MVar, 400 kV	2009
- 765 kV power transformer	2010
- 765 kV circuit breaker	2010
- Propulsion and auxiliary traction convertors	2010
- Vacuum contactor VSC	2010
- HXR series motors in frame size 355 to 500	2010
- Double fed wind generators	2010
- ACS 550 with isolator switch and spare kit	2010
- ACS 800 wind converters	2010
- ACS 850-04, ACQ810 and ACSM1 modules	2010
- MCCB – T4 & 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 & accessories	2012
- ArTu Kay and RCCB products	2012

All technologies are fully absorbed except MCCB-T4 & T5 breakers, Single coil actuator (magnetic actuator) and MoCon drive.

3.2 Foreign exchange earnings and outgo

(a) Activities related to exports; initiatives 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 903 crores reflecting growth of 2% over previous year. The export revenues during the year were Rs 942 crores, reflecting a growth of 8% over previous year. Orders were higher in Low Voltage products segment and Power Products segment.

Power Products segment has continued its focus to expand its global market share for Breakers, HV disconnectors, MV outdoor circuit breakers, Compact substations, Ring main units and Large power transformers. The segment has developed new markets in countries such as Angola and Gabon for HV disconnectors; Gabon, Kazakhstan and Namibia for HV circuit breakers and Australia for HV instrument transformers. The medium voltage business unit has launched a new product "SafeLink Circuit Breaker" in Tanzania, Zambia and Nigeria. The SafeLink RMU product is undergoing a pre-qualification process in the Middle-East, with significant market potential in UAE, Bahrain and Oman. The Transformers business unit has received break-through orders for Power transformers from Surinam, Nigeria and Mali and for Dry type transformers from Sri Lanka. Middle East region has contributed 70% of export orders for insulation components. The HV disconnectors business unit bagged a large order from Indonesia as part of rapid modernization and upgrade of electrical system in Central Utility of Indonesia and is focusing on increasing in volume through ABB Group internal channels worldwide.

Low Voltage products segment had a significant increase in export revenue over previous year. Major thrust to exports during the year of this segment came from other ABB Group Companies for Control products (major orders from ABB France for Terminal Blocks) and LV systems (major orders from ABB Brazil and ABB Singapore). A separate production line is being setup at Nelamangala for manufacturing Miniature Circuit Breakers exclusively for exports. Third party exports moderately increased and were mainly to Bangladesh and Sri Lanka.

Discrete Automation and Motion segment had marginally lower export orders and revenues compared to previous year, primarily

due to sluggish global economy in 2012. Exports continued to be primarily to other ABB Group companies around the world. A major thrust to exports during the year of this segment continued to be from wind power generators, ACS550 drives, HT Machines and LV motors.

Power Systems segment has made consolidated efforts to achieve a sustained growth in exports. The Sub-station business unit has been developing markets like Nepal, which has a huge potential for Hydro Projects and is also targeting funded projects in Bangladesh and Sri Lanka. It is also focusing on in-direct exports to enter the African Markets covering Kenya, Mozambique, Congo and Ethiopia and has been participating in exhibitions, technical seminars in order to increase customer engagement and focus on providing technical solutions at pre-tender stage. The Network Management business unit has focused on developing new markets for Combiflex Relays (Germany, Sweden and South American Countries).

Process Automation segment continued to book orders from Bangladesh, Middle-East and South Asia. This segment has taken new initiatives to develop services exports, mainly to high-cost countries, towards growth and increased profitability.

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 coming years remains high.

(b) Total foreign exchange used and earned

	(Rs in Crores)	
	2012	2011
(i) Foreign exchange earned	1,045.6	1,116.9
(ii) Foreign exchange used	2,426.3	2,622.9

For and on behalf of the Board

Gary Steel
Chairman

Bengaluru, February 21, 2013

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, 2012**

Name	Category of Director	Attendance			Directorships / Mandatory Committee Memberships in Other Companies			
		No. of Board meetings held during 2012	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	5	5 *	Yes	1	-	-	-
Mr. Bazmi R. Husain	Managing Director		5	Yes	1	-	1	-
Mr. N. S. Raghavan	Non-executive & Independent		4	Yes	-	12	-	-
Mr. Nasser Munjee	Non-executive & Independent		4	Yes	13	3	3	4
Mr. Darius E. Udvardia	Non-executive & Independent		4	Yes	12	6	7	-
Mr. Arun Kanti Dasgupta	Non-executive & Independent		5	Yes	1	-	-	-
Mr. Peter Leupp	Non-executive		4 *	Yes	1	-	-	-
Mr. Francis Duggan	Non-executive		2	No	-	-	-	-

* Mr. Gary Steel and Mr. Peter Leupp attended one Board meeting through Video Conference.

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

(ii) **No. of Board Meetings held in the Financial Year 2012 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 five meetings during the financial year 2012 i.e., on February 23, May 9, August 8, September 26 and November 6, 2012.

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, 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 Independent Directors. The Committee has held four meetings during the financial year 2012 i.e., on February 23, May 9, August 8 and November 6, 2012. The composition of the Audit Committee as on December 31, 2012 and the attendance of members at the meetings of the Audit Committee held during the financial year 2012 were as follows:

Members of Audit Committee	No. of meetings attended
Mr. Nasser Munjee (Chairman)	4
Mr. N. S. Raghavan	3
Mr. Darius E. Udawadia	3
Mr. Arun Kanti Dasgupta	4

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

4. 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 and its Subsidiary Company.

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

The Remuneration Committee presently consists of 4 Non-executive Directors, the Chairman being Non-executive and Independent. One meeting of the Committee was held during the financial year 2012 i.e., on February 23, 2012. The composition of the Remuneration Committee as on December 31, 2012 is as under:

Members of Remuneration Committee	No. of meetings attended
Mr. N. S. Raghavan (Chairman)	1
Mr. Gary Steel	1
Mr. Arun Kanti Dasgupta	1
Mr. Nasser Munjee	1

(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 and the Members.

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.

(iv) Details of remuneration to all the Directors paid during the financial year 2012

(Rs in Lakhs)					
Name	Sitting Fees	Salary & Perquisites	Commission / Bonus (*)	Stock Option	Pension
Mr. Bazmi R. Husain	Nil	201.74	59.36	Nil	Nil
Mr. N.S. Raghavan	1.50	NA	3.60	Nil	Nil
Mr. Nasser Munjee	1.45	NA	3.20	Nil	Nil
Mr. Darius E. Udawadia	1.70	NA	4.00	Nil	Nil
Mr. Arun Kanti Dasgupta	1.65	NA	2.00	Nil	Nil

* Commission / Bonus for the year 2011 paid during 2012.

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

- 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.
- 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. Udawadia, no other Director holds equity shares in the Company. Mr. Udawadia is holding 3,500 Shares of the Company.

None of the Non-executive Directors has any pecuniary relationship or transactions with the Company except Mr. Darius E. Udawadia, where the Company has paid Rs 554,620/- to the law firm M/s. Udawadia 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. Udawadia, a Director of the Company, 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. Udawadia as a Director of the Company.

5. Shareholders' 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 (MD) and the Company Secretary to approve the share transfers / transmissions and accordingly, the MD or the Company Secretary approve the transfer / transmission of shares.

Four meetings of Investors' Grievance Committee were held during the financial year 2012 i.e., on February 23, May 9, August 8 and November 6, 2012.

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

The composition of Investors' Grievance Committee as at December 31, 2012 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)	3
Mr. N. S. Raghavan	3
Mr. Bazmi R. Husain	4

The details of investors' complaints received and resolved during the financial year 2012 are as under:

No. of investors' complaints received during 2012	No. of investors' complaints resolved during 2012	Investors' complaints pending at the end of 2012
317	317	NIL

6. Subsidiary Company

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

7. General Body Meetings

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

For the Year	Venue	Day & Date	Time
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)
2009	The Atria Hotel, "Chancery", No.1, Palace Road, Bengaluru – 560 001	Tuesday May 11, 2010	11:00 a.m. (IST)

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

No Special Resolution was passed during the Annual General Meetings held during 2010 and 2011, however 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 last Annual General Meeting held on May 10, 2012.

(iii) Postal Ballot

No postal ballot was conducted in the year 2012. As on date, the Company does not have any proposal to pass any special resolution by way of postal ballot.

8. 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.

- During January 2013, Company received a Show Cause notice from Securities Exchange Board of India stating that there were certain delays in submission of annual disclosures required under Regulation 8 (3) of SEBI (SAST) Takeover Regulations. The Company is in the process of filing appropriate reply / application to authorities in this regard.
- 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. This is 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. Biplap Majumder, as additional Director, immediately after his retirement as Vice Chairman & Managing Director.

Other than the item mentioned above, all statutory requirements have been complied with. 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.

(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 of 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).

9. 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.

10. General Shareholder Information

(i) Annual General Meeting

Day, Date, Time and Venue:

The Company will be holding its 63rd Annual General Meeting on Thursday, May 9, 2013 at 11.00 a.m. (IST) at **'Trinity Hall', Vivanta by Taj - M G Road, 41/3 Mahatma Gandhi Road, Bengaluru – 560 001.**

Agenda:

- a) Adoption of Audited Accounts, Directors' and Auditors' Report
- b) Declaration of Dividend
- c) Re-election of Directors retiring by rotation
- d) Re-appointment of M/s. S. R. BATLIBOI & CO., Chartered Accountants (Firm registration number 301003E) as Auditors
- e) Change of Name of the Company

(ii) **Profile of Directors seeking re-appointment**

The profile of Directors who are seeking re-appointment at the Annual General Meeting is furnished below:

Brief profile of Directors and nature of their expertise in functional areas	Directorships / Committee Memberships in other companies	Shareholding in ABB Limited
<p>Darius E. Udwadia Non-executive Independent Director</p> <p>Mr. Darius E. Udwadia is an Advocate and Solicitor of the Bombay High Court. He is also a Solicitor of the Supreme Court of England.</p> <p>Mr. Udwadia is a founder partner of M/s. Udwadia & Udeshi, Advocates & Solicitors, since July, 1997. Consequent upon the reconstitution of the firm, its name was changed to M/s. Udwadia Udeshi & Argus Partners effective 1st April 2012. Prior to this, he was a partner of M/s. Crawford Bayley & Co., Solicitors & Advocates, for nearly 22 years. He and his Firm are legal advisors to many Indian companies, multinational companies and foreign banks having presence in India.</p> <p>Mr. Udwadia has over 48 years in active law practice and has vast experience in the areas of corporate law, mergers and acquisitions, takeovers, corporate restructuring, foreign collaboration, joint ventures, project and infrastructure finance, intellectual property, international loans and finance related transactions and financial instruments, mutual funds, real estate and conveyancing.</p> <p>Mr. Udwadia also serves on the Board of several public and private companies.</p>	<p>Directorships:</p> <ol style="list-style-type: none"> 1) AstraZeneca Pharma India Ltd.– Chairman 2) The Bombay Burmah Trading Corp. Ltd. 3) Development Credit Bank Limited 4) ITD Cementation India Ltd. 5) JM Financial Limited 6) JM Financial & Investment Consultancy Services Pvt. Ltd. 7) JM Financial Products Ltd. 8) MPS Limited - Vice Chairman 9) IRD Mechanalysis Ltd. 10) Nitesh Estates Limited 11) WABCO India Limited 12) Wyeth Ltd. 13) Conservation Corporation of India Pvt. Ltd. 14) Habasit Iakoka Pvt. Ltd. 15) JM Financial Trustee Co. Pvt. Ltd. 16) Quantum Advisors Pvt. Ltd. 17) Rossi Gearmotors (India) Pvt. Ltd. 18) SCA Hygiene Products India Pvt. Ltd. <p>Audit Committee Memberships:</p> <ol style="list-style-type: none"> 1) AstraZeneca Pharma India Ltd. 2) The Bombay Burmah Trading Corp. Ltd. 3) ITD Cementation India Ltd. 4) MPS Limited 5) Nitesh Estates Limited 6) WABCO India Limited 7) Wyeth Ltd. 	3,500
<p>N. S. Raghavan Non-executive Independent Director</p> <p>Mr. Raghavan, is a graduate in Electrical Engineering. He served in the Ministry of Defence, Government of India for 9 years handling various responsibilities in the Corps of Electrical and Mechanical Engineers. He worked as an Engineer in Andhra Pradesh State Electricity Board and as Head - Electrical Department in Kothari Sugars and Chemicals Limited, Trichy. He was the Joint Managing Director of Infosys Technologies Limited for 19 years.</p>	<p>Directorships:</p> <ol style="list-style-type: none"> 1) Flame-Tao Knoware Pvt. Ltd 2) Amagi Media Labs Pvt. Ltd. 3) Nadathur Estates Pvt. Ltd 4) Syndicated Research Worldwide Pvt. Ltd 5) Ananta Holdings Private Limited 6) Samhita Social Ventures Pvt. Ltd. 7) Indegene Life Systems Pvt. Ltd. 8) Nadathur Arts Private Limited 9) Inexios Pharmaceuticals Pvt Ltd 10) Nadathur Environment and Energy Pvt. Ltd. 11) SilverNeedle Hospitality India Private Ltd 12) Tree Hill Estates Private Ltd. <p>Audit Committee Memberships: Nil</p>	Nil

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

(iii) Financial Year

Company's financial year is January – December. Indicative calendar of events for the year 2013 (January - December) excluding Extra Ordinary General Meeting(s), if any, are as under:

Fourth Quarter Financial Results (Year 2012)	February 2013
First Quarter Financial Results	May 2013
Annual General Meeting	May 2013
Second Quarter Financial Results	August 2013
Third Quarter Financial Results	November 2013

In terms of the circular issued by Ministry of Corporate Affairs, as a Green Initiative and subsequent amendment to the Listing Agreement, necessary communication was circulated to all the shareholders of the Company on August 10, 2011 to register their e-mail IDs. Accordingly, the soft copy of the notice and the annual report for the year 2012 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 May 3, 2013 to May 9, 2013 (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 14, 2013, to those shareholders whose names appear on the Company's Register of Members as on May 2, 2013.

(vi) Listing on Stock Exchanges

The equity shares of the Company are currently listed at 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 where the Company's equity shares are listed.

Pursuant to amendment to the Listing Agreement by inserting Clause 5A, the Company's Registrar & Transfer Agents have already sent three reminders to those shareholders whose share certificates were returned undelivered and remain unclaimed so far. Further, as required, the Company has transferred the said unclaimed shares to one folio in the name of "ABB 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 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 3,996 shares

(vii) Stock Code

National Stock Exchange
ABB

Bombay Stock Exchange
500002

ISIN
INE117A01022

(viii) Market Price Data

The market price data and volume of the Company's shares traded in the Bombay Stock Exchange and the National Stock Exchange, during the year 2012 were as follows:

Period 2012	BSE (Rs)		BSE Sensex		NSE (Rs)		NSE Nifty	
	High	Low	High	Low	High	Low	High	Low
January	819.90	580.00	17,258.97	15,358.02	820.00	568.00	5,217.00	4,588.05
February	915.00	803.40	18,523.78	17,061.55	1,036.85	804.00	5,629.95	5,159.00
March	878.00	790.65	18,040.69	16,920.61	878.90	738.95	5,499.40	5,135.95
April	859.50	767.00	17,664.10	17,010.16	893.65	768.00	5,378.75	5,154.30
May	812.20	691.30	17,432.33	15,809.71	816.50	690.40	5,279.60	4,788.95
June	819.40	697.50	17,448.48	15,748.98	821.00	699.00	5,286.25	4,770.35
July	822.25	725.10	17,631.19	16,598.48	812.00	730.10	5,348.55	5,032.40
August	814.70	707.50	17,972.54	17,026.97	814.45	704.95	5,448.60	5,164.65
September	803.35	711.55	18,869.94	17,250.80	804.90	710.00	5,735.15	5,215.70
October	810.30	732.00	19,137.29	18,393.42	810.70	732.00	5,815.35	4,888.20
November	830.00	700.00	19,372.70	18,255.69	746.75	621.55	5,885.25	5,548.35
December	730.00	676.95	19,612.18	19,149.03	731.00	685.00	5,965.15	5,823.15

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

ABB Share Price Movement v/s BSE Sensex

January - December 2012

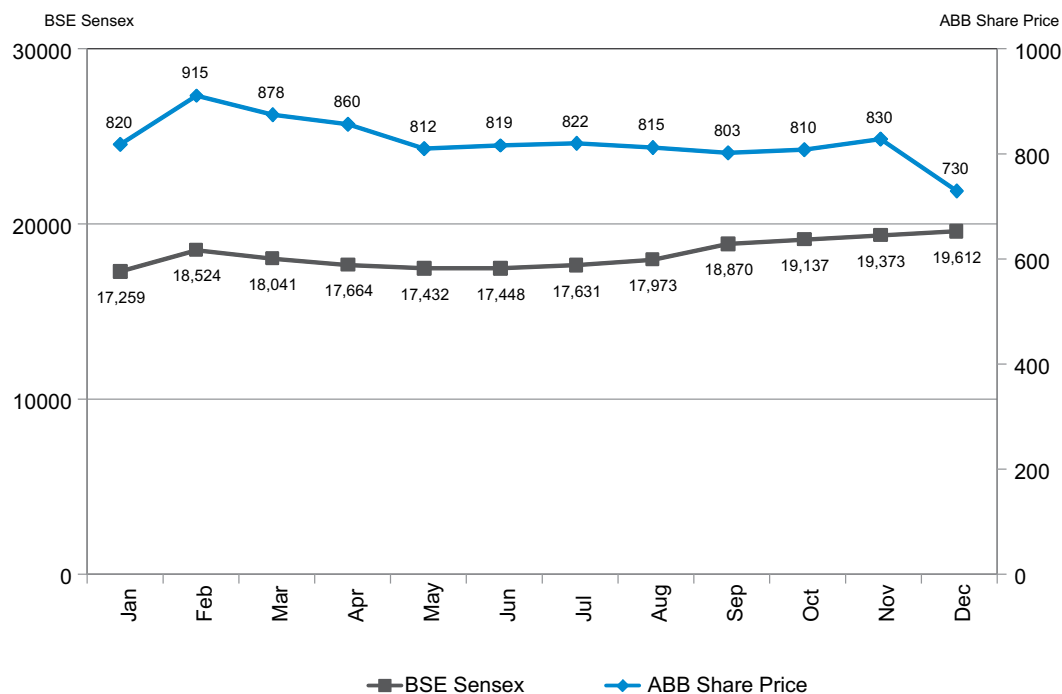
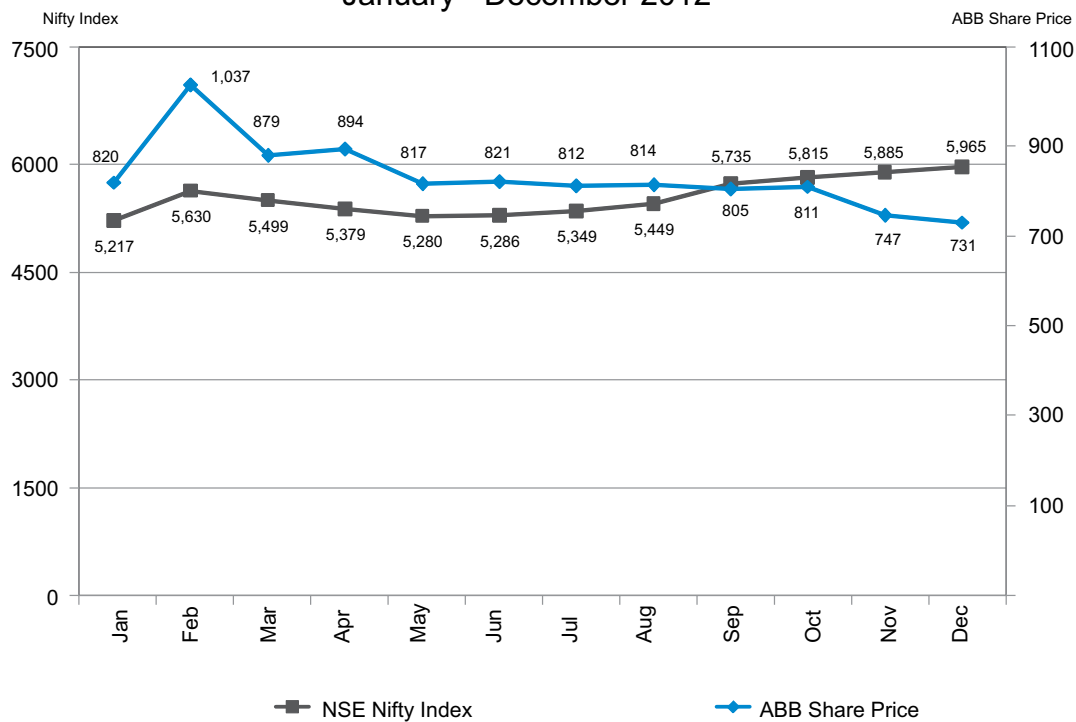


ABB Share Price Movement v/s NSE NIFTY Index

January - December 2012



(x) Registrar and Share Transfer Agents

Karvy Computershare Private Limited
(Unit: ABB Limited)

No.51/2, T K N Complex, Vanivilas Road
Opp. National College, Basavanagudi
Bengaluru - 560 004
Tel. No. 080-26621192
Fax No. 080-41312645
E-mail: kulashekara.sharma@karvy.com

Plot No.17-24, Vittal Rao Nagar
Madhapur
Hyderabad - 500 081
Tel.No. 040-23420815 – 28
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 31.12.2012		As on 31.12.2011	
	No. of shares	%	No. of shares	%
ABB Asea Brown Boveri Ltd. Zurich & ABB Norden Holding AB, Sweden	158,931,282	75.000	158,931,282	75.000
Non-Resident Individuals / OCBs	333,525	0.157	333,468	0.157
Directors and their relatives	3,500	0.002	3,500	0.002
LIC / UTI / Other Insurance Cos.	23,555,668	11.116	23,634,311	11.153
Nationalised Banks / Other Banks	485,164	0.229	503,384	0.238
Mutual Funds	3,351,375	1.582	3,057,284	1.443
Foreign Institutional Investors	7,098,721	3.350	6,385,574	3.013
Bodies Corporate / Trust	979,669	0.462	1,346,350	0.635
General Public	17,169,471	8.102	17,713,222	8.359
Total	211,908,375	100.00	211,908,375	100.00

(xiii) Distribution of Shareholding as on December 31, 2012

Category	No. of Shareholders	No. of Shares held	% of equity capital
1 – 5000	80,509	14,577,516	6.88
5001 – 10000	260	1,755,057	0.83
10001 – 50000	125	2,171,042	1.02
50001 – 100000	10	704,200	0.33
100001 and above	22	192,700,560	90.94
Total	80,926	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, 2012, 208,620,280 equity shares of the Company have been dematerialised representing 98.45% of the total shares (208,469,897 equity shares were in dematerialised form representing 98.38% of the total shares as on December 31, 2011).

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, 2012.

(xvii) Plant Locations

The Company's plants are located at Bengaluru, Faridabad, Haridwar, Mumbai, Mysore, Nashik and Vadodara.

(xviii) Address for Correspondence

ABB 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

Place : Bengaluru
Date : February 21, 2013

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, 2012.

For ABB Limited

Bazmi R. Husain
Managing Director

Place : Bengaluru
Date : February 21, 2013

Annexure – D to Directors' Report

Corporate Governance Compliance Certificate

To
The Members of ABB Limited

We have examined all relevant records of ABB 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, 2012.

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
Date: February 21, 2013

Management's Discussion and Analysis

Economy and market overview

The external environment in 2012 was challenging, GDP growth down to 6 percent from 8 percent, IIP growth down to 1 percent from 5 percent and a 30 percent drop in announcements of new projects as per Centre for Monitoring of Indian Economy (CMIE).

High inflation, increasing interest rates, delays in fiscal and market reforms, delays in environmental clearances, fuel linkages and land acquisitions – all combined and contributed to the downward trend.

Operations overview

In this challenging environment, the Company kept its focus on improving operational efficiencies to remain competitive in existing businesses while preparing for and not losing sight of emerging opportunities in new areas like renewable energy, energy efficiency, data centers and smart grids.

Summarized performance of the Company:

	(Rs in Crores)	
	2012	2011
Orders	6,966	8,189
Order backlog	8,672	9,129
Revenues	7,565	7,449
Profit before tax	206	268
Net profit	137	185
Earnings per share	6.48	8.71

Increased focus on short cycle orders, particularly in the solar power sector – the 2x25 megawatt (MW) solar project order from Megha Engineering for Rs 300 crore being an example. This focus has helped in improved performance in all three product businesses – Discrete Automation and Motion, Power Products and Low Voltage Products showing growth in revenue and profitability over 2011.

Delayed infrastructure projects, unfavorable currency movements and higher interest costs have dented profit before tax, net profit and earnings per share. Operational excellence initiatives have helped reduce the effect. The combined impact of delays in decisions for large projects, especially in the Power segment, and the fact that there were no repeat orders for large transmission projects awarded in 2011, led to reduced order intake in Power Systems and Power Products divisions. Strategic long-term focus is on projects with higher ABB content to maintain the Company's leadership position.

Service

The service business grew by over 20 percent by leveraging the existing installed base more effectively, resulting in more service agreements, upgrades, retrofits and life extension services. At the same time, initiatives were undertaken to add new services to the portfolio and be better prepared for the future. Examples include:

- Advanced services like boiler fingerprint services, loop performance management, paper machine fingerprint, gas optimization etc.
- Energy assessment services and building a pool of certified energy auditors
- Improving service focus by setting up a 24x7 customer Contact Center and service key account management

Some service orders in 2012 that were significant in opening new avenues included:

- First boiler fingerprint service order
- First Annual Maintenance Contract (AMC) for a solar power plant
- First large-scale Memorandum of Understanding (MoU) with Steel Authority of India (SAIL) for training over 2000 personnel on ABB products and solutions

Exports

During 2012, exports grew by over 20 percent. Increased focus on export market development and product quality that meets international standards were the main contributors.

Significant export orders included 72.5 kilovolt (kV) SF6 breakers, medium-voltage (MV) outdoor circuit breakers, insulation components, Statcons, disconnectors, high-voltage (HV) instrument transformers etc.

Exports were spread over countries from the Middle East, Brazil, Sri Lanka, Bangladesh, Nepal, Nigeria, Turkey, Angola, Gabon, Malaysia, Panama, Mali, Australia, Peru, Columbia etc.

Operational excellence

During 2012, the Company focused on driving improvements in three key areas – supply chain, operational excellence and global footprint strategy. Structured process improvement projects and assessments were implemented to drive improvement across businesses. The projects were conducted at all manufacturing locations within India, helping identify key areas to improve customer metrics like on time delivery, lead time and quality.

Operational excellence projects completed during the year included warranty cost reduction, minimization in transit damage, localization of manufacturing in some product lines, inventory reduction initiatives in select businesses, improvement in on time delivery, leading to improvement in the key business metrics.

Outlook

While timing of market recovery is uncertain, the underlying drivers for growth remain intact:

- The 12th Five Year Plan (2012-2017) provides for planned investments in developing 765 kilovolt (kV) power infrastructure, which is to form the backbone of India's power grid. This may lead to additional investment in HVDC for bulk power transmission
- The expected upgradation of the transmission infrastructure by state utilities and major planned investments by PGCIL are likely to provide significant opportunities for the Company to grow in the power sector in the coming years
- Potential areas like power quality improvement, better distribution, growing data center sector, mass rapid transport systems, lift irrigation systems are also likely to throw up big opportunities in the market

Business segment analysis

Relative distribution of revenues amongst the different business segments:

	2012	2011
Power Systems (PS)	28%	29%
Power Products (PP)	26%	25%
Discrete Automation and Motion (DM)	22%	22%
Low Voltage Products (LP)	7%	7%
Process Automation (PA)	17%	17%

Power Systems (PS)

Summarized performance:

	(Rs in Crores)	
	2012	2011
Orders	1,750	3,204
Order backlog	4,567	5,009
Revenues	2,242	2,362
Result	(14)	(1)

The challenging external environment affected this business segment, resulting in significant decline in orders and result. Further, the boost from large orders in 2011 amplifies the decline. However, the indicators for a long-term positive outlook remain on account of:

- Increase in the overall energy demand year on year by 8.8 percent
- Increase in peak demand by 6.3 percent
- Need to strengthen and improve the reliability of the power grid that was emphasized by the power outage in 2012. This should fuel the demand for Flexible AC Transmission Systems (FACTS) technology

Major project orders booked during 2012 included:

- Turnkey solution including solar panels, inverters and switchgear for 2x25 MW Solar Power Plant from Megha Engineering, for Mahagenco
- Electrical balance of plant (eBoP) solution for 2x350 MW Thermal Power Plant from Edac Engineering, for KVK Nilanchal and for 2x300 MW Thermal Power Plant Phase-1 for Cethal Vessels, for SKS Ispat and Power
- Design, supply, installation and commissioning of essential power infrastructure for Stage-1 of the East-West corridor of Jaipur Metro Rapid Transportation System
- Export order from Ceylon Electricity Board for 132/33 kV substation at Galle, Sri Lanka

Major orders that were successfully commissioned during 2012 included:

- 400/220 kV gas-insulated switchgear (GIS) at Navsari
- 765/400 kV substation at Agra and Wardha
- Traction electrification, power supply, power distribution and SCADA system for the Mumbai Metro

One outcome of the drop in 2012 orders was a conscious decision to be selective in choosing projects with higher profitability and higher internal supply content, and thereby reduce risks.

Power Products Segment (PP)

Summarized performance:

	(Rs in Crores)	
	2012	2011
Orders	1,977	2,257
Order backlog	2,040	2,088
Revenues	2,085	2,001
Result	138	100

The Power Products segment countered the challenges of the external environment through higher export volumes (15 percent increase over the previous year) and by adding more products in the 765 kV class with higher localization.

Significant orders during 2012 included:

- Fourteen 500 megavolt ampere (MVA), single-phase 765 kV class auto transformers from PGCIL Jabalpur substation
- 765 kV circuit breaker and instrument transformer order from LandT for JP project
- Medium-voltage switchgear order from Bhushan Energy and RKM Power, Chennai
- Compact Substation (CSS) order from LandT for JMDA, Chandigarh

Segment outlook

While market recovery timing is uncertain, increasing demand for power makes the long-term outlook positive. The Company is gearing up to meet the challenges by ramping up the local technical strength in the HV and EHV range and by setting up a new greenfield factory for PASS/GIS.

Discrete Automation and Motion (DM)

Summarized performance:

	(Rs in Crores)	
	2012	2011
Orders	1,953	1,926
Order backlog	1,445	1,254
Revenues	1,775	1,799
Result	196	207

This segment addressed market uncertainties by the strength of its:

- Wider product range (low- and medium-voltage drives, motors and generators, power electronics, traction converters, UPS and robotics)
- Wider industry base (capital goods, cement, non-ferrous metals, infrastructure, iron and steel, pulp and paper, automotive, chemicals, food and beverages, solar, rail, wind, water and telecom)
- Focus on marketing targeted at verticals, major original equipment manufacturers (OEM), wind and energy sectors
- Expansion and strengthening of channel partner network

Significant orders received during 2012 included:

- Solar inverters from Megha Engineering under KREDL, REC and Gujarat solar schemes
- Orders from wind power producers like Gamesa, Siemens and Inox
- Traction converters from Chittaranjan Loco Works
- High current rectifiers from Hindalco

Segment outlook

Demand for DM products is expected to be sluggish in the Industry sector, on account of poor investment sentiments. However, expansion in infrastructure like solar, roads, railways, power generation and water projects can be expected to provide opportunities. Product packaging, engineered solutions and life cycle services also offer new opportunities.

Low Voltage Products (LP)

Summarized performance:

	(Rs in Crores)	
	2012	2011
Orders	690	565
Order backlog	203	123
Revenues	617	540
Result	40	34

This segment offers a wide range of products and systems with related services that help customers to improve productivity, save energy and enhance safety while offering protection and control of electrical installations. The main applications of these products are in industry, buildings, data centers, transportation and renewable energy applications. The major share of revenues came through channel partners, OEMs, system integrators and panel builders, apart from direct sales to end users and utilities.

Orders grew by 20 percent due to a two-year strategic marketing effort and effective channel partner relationship. Other contributory factors include simplification and localization of power control centers (PCC) and motor control centers (MCC).

During the year, several new products catering to different industrial applications were introduced. These include Formula range of MCCBs, New range of MCBs, earth leakage relays, M2M measurement devices, SHD isolators and wiring accessories like 3x3 gang box and ceiling rose.

An assembly line was set up at Nelamangala to manufacture a new range of MCBs for home and commercial building application. Another one is being set up exclusively for exports. An assembly line for manufacture of terminal blocks has also been set up that can cater to ABB factories worldwide.

Segment outlook

Cautiously optimistic.

Process Automation (PA)

Summarized performance:

	(Rs in Crores)	
	2012	2011
Orders	1,053	1,145
Order backlog	1,240	1,548
Revenues	1,357	1,322
Result	(15)	38

This segment was also directly impacted by the challenging external environment. Excess capacity and low liquidity are postponing planned investments in core industries. However, new opportunities are emerging in areas like automation of data centers, solutions to enhance energy efficiency and services to optimize the use of existing assets.

Significant orders received during 2012 included:

- Integrated power and automation solution for Manikgarh cement for a new brownfield expansion project
- The first large data center order from Vodafone
- Plant electrics from Cairn Energy for their Mangla field modernization
- Off-shore control and SCADA system for production well heads for British Gas, India
- Export order from ACC Rabigh Cement, Saudi Arabia for revamping their existing plant
- Integrated automation solution for Kansai Nerolac paints for the new plant at Hosur

The major orders that were successfully commissioned during 2012 are:

- BahruAcerinox cold rolling mill in Malaysia
- Automation systems for Tata steel 'I' blast furnace for LandT
- Start-up of production in the Heidelberg cement expansion project
- Automation and MES solution for Asian Paints' Rohtak plant expansion

Segment outlook

Market recovery timing is uncertain and although there are some investments, the pace is slow. The focus will be on cost rationalization and developing the service component till the investment climate improves.

Finance

The Company was able to arrange finance at competitive rates during 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 43 crores in the current year compared to Rs 31 crores in 2011. The company had a net borrowing of Rs 240 crores as on December 31, 2012. The Company continued to hedge all 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

The company's innovative human resources management strategies supported business in a challenging economic environment. Strategic talent acquisition and performance management are key to ensure a diverse and competency-driven workforce.

A working environment where performance is rewarded; employees are respected and opportunities are made available to realize their potential is creating a performance oriented culture. Several HR initiatives have been started to improve employee engagement and organizational performance:

- It continued to invest in continuous learning to enhance the competencies of employees in the technology domain and in processes to address business demand, improve workforce productivity and enhance human capital value.
- To enhance employee engagement and to work towards employee satisfaction, a Contact Center was launched during the year to efficiently process employee queries. In addition, stabilization and revision of various policies and processes improved operational excellence.

- To identify talent and fast track employee development, special emphasis was given to Performance and Development Appraisal.
- Many initiatives have been started to improve inclusiveness of the organization, to increase and to facilitate female representation in business areas as well as on the shop floor.
- With a view to improve productivity, achieve an optimal work-life balance as well as to optimize cost, during the year, the Company was able to realign to a five-day work week in majority of its locations.

Industrial relations continued to remain cordial at all locations in the company. The company had 6,753 permanent employees at the end of 2012, as against 6,926 in the previous year.

Internal Control System

The Company has in place effective internal control systems to ensure accurate, reliable and timely compilation of financial statements and management information reports, while safeguarding the assets and interests of the Company and ensuring compliance with Company policies, laws and regulations.

The Company has a comprehensive budgetary control system with the management regularly reviewing performance. The Company has also put in place a well-defined organization structure 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. The company is taking steps for further strengthening the project review process and ensuring 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 Limited

We certify that;

1. We have reviewed the financial statements and cash flow statement of ABB Limited for the year ended December 31, 2012 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) changes in accounting policies made during the year as have been disclosed in the notes to the financial statements.
 - (iii) no instance of fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system on financial reporting.

Bengaluru,
February 21, 2013

Bazmi R. Husain
Chief Executive Officer
Managing Director

Amlan Datta Majumdar
Chief Financial Officer

Auditors' Report

To The Members of ABB Limited

1. We have audited the attached balance sheet of ABB Limited ('the Company') as at December 31, 2012 and also the statement of profit and loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. 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;
 - iii. 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;
 - iv. In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on December 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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, 2012;
 - 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 cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & CO.
Firm Registration No.: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No.:56102

Bengaluru, India
February 21, 2013

Annexure referred to in paragraph 3 of our report of even date

Re: ABB limited ('the Company')

- | | |
|--|--|
| <p>(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.</p> <p>(c) There was no disposal of a substantial part of fixed assets during the year.</p> | <p>(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.</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>(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>(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>(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>(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>(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 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>(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 the Statute	Nature of Dues	Amount * (Rs in Crores)	Period to which the amount relates	Forum where dispute is pending
Faridabad Development Act [Octroi]	Product Classification	3.04	1986-94	High Court
Sales Tax Act	Submission of Statutory Forms	0.09	1994-95	High Court
		19.01	2006-09	Sales Tax Appellate Tribunal
		0.92	2005-08	Taxation Board
		0.14	2008-09	Special Commissioner (Appeals)
		8.40	2003-12	Joint Commissioner of Commercial Taxes (Appeals)
		2.97	1998-09	Deputy Commissioner (Appeals)
		27.19	2007-12	Additional Commissioner (Appeals)
		0.52	2008-09	Assessing Officer
		0.38	2000-08	Commercial Tax Officer
	Differential Tax Charged	3.66	2005-08	High Court
		6.52	1995-09	Sales Tax Appellate Tribunal
		14.86	2008-09	Taxation Board
		75.22	2007-09	Special Commissioner (Appeals)
		6.21	2007-10	Joint Commissioner of Commercial Taxes (Appeals)
		21.00	2001-10	Deputy Commissioner (Appeals)
		16.99	2009-10	Additional Commissioner
	Works Contract Tax Charged	0.81	2002-03	High Court
		1.45	1999-08	Sales Tax Appellate Tribunal
		0.25	1995-96	Deputy Commissioner (Appeals)
		0.17	2007-08	Additional Commissioner (Appeals)
Customs Act	Tariff Classification	1.03	2008-10	CESTAT
		0.09	2009-10	Commissioner of Customs- Appeals
		0.03	2009-10	Commissioner of Customs
	Export Obligations	0.09	2009-10	Assistant Commissioner of Customs
Service Tax	Tax on Foreign Payments	3.51	2002-06	CESTAT
		0.86	2006-11	Commissioner
		0.06	2006-11	Assistant Commissioner of Service Tax
	Tax on Technical Know-how	0.08	1997-01	Deputy Commissioner
	Cenvat Credit	3.97	2011-12	Additional Commissioner
		0.04	2011-12	Assistant Commissioner
Central Excise Act	Excise Duty	0.01	2008-09	CESTAT
		13.70	2002-05	Commissioner (LTU)
		46.40	2006-12	Commissioner (Excise)
		0.24	2011-12	Joint Commissioner of Excise
		2.38	2006-12	Additional Commissioner of Excise
		0.64	2006-12	Assistant Commissioner of Excise
Income Tax Act	Income tax	-	1997-98	Commissioner of Income Tax (Appeals)
		242.42	2009-10	Commissioner of Income Tax (Appeals)

* Net of Rs 145.41 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.
Firm Registration No.: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No.:56102

Bengaluru, India
February 21, 2013

Balance Sheet

(Rs in Crores)

Balance sheet as at December 31, 2012	Notes	2012	2011
Equity and liabilities			
Shareholders' funds			
Share capital	3	42.38	42.38
Reserves and surplus	4	2,555.67	2,492.14
		2,598.05	2,534.52
Non-current liabilities			
Other long-term liabilities	6	3.89	3.30
Long-term provisions	7	5.71	5.71
		9.60	9.01
Current liabilities			
Short-term borrowings	34	327.68	-
Trade payables	5	1,899.37	1,965.41
Other current liabilities	6	1,394.56	1,558.27
Short-term provisions	7	240.74	227.35
		3,862.35	3,751.03
Total		6,470.00	6,294.56
Assets			
Non-current assets			
Fixed assets			
Tangible assets	8	1,078.06	1,030.24
Intangible assets	9	129.28	138.16
Capital work-in-progress		117.01	74.43
Non-current investments	10	52.39	50.62
Deferred tax assets (net)	11	14.80	22.40
Long-term loans and advances	12	230.18	163.89
Other non-current assets	13	8.45	8.49
		1,630.17	1,488.23
Current assets			
Current investments	10	0.08	0.08
Inventories	14	920.40	925.55
Trade receivables	15	3,264.38	3,082.51
Cash and bank balances	16	76.67	255.88
Short-term loans and advances	12	228.30	199.97
Other current assets	13	350.00	342.34
		4,839.83	4,806.33
Total		6,470.00	6,294.56

Summary of significant accounting policies

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The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Per Navin Agrawal
Partner
Membership No.: 56102
Bengaluru, February 21, 2013

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

Bengaluru, February 21, 2013

Statement of Profit and Loss

(Rs in Crores)			
For the year ended December 31, 2012	Notes	2012	2011
Revenue			
Revenue from operations (gross)		8,026.36	7,772.26
Less: Excise duty		461.37	323.29
Revenue from operations (net)	17	7,564.99	7,448.97
Other income	18	7.05	41.46
Total revenue		7,572.04	7,490.43
Expenses			
Cost of raw materials and components consumed and project bought outs	19	4,685.68	4,725.08
Purchases of traded goods	20	263.50	320.16
(Increase) / decrease in inventories of finished goods, work-in-progress and traded goods	21	(0.69)	(84.53)
Subcontracting charges		479.34	434.67
Employee benefit expenses	22	619.60	586.82
Finance costs	23	43.24	30.68
Depreciation and amortisation expense	24	94.09	79.55
Other expenses	25	1,181.07	1,130.26
Total expenses		7,365.83	7,222.69
Profit / (loss) before tax		206.21	267.74
Tax Expenses			
Current tax		61.20	104.80
Deferred tax		7.60	(17.80)
Fringe benefits tax		-	(3.80)
Total tax expenses		68.80	83.20
Profit / (loss) for the year		137.41	184.54

Earnings per equity share on face value of share of Rs 2 each,
(December 31, 2011: Rs 2 each)

26

Basic	6.48	8.71
Diluted	6.48	8.71

Summary of 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.
Firm Registration Number: 301003E
Chartered Accountants

Per Navin Agrawal
Partner
Membership No.: 56102
Bengaluru, February 21, 2013

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

Bengaluru, February 21, 2013

Cash Flow Statement

(Rs in Crores)

For the year ended December 31, 2012	2012	2011
A. Cash flow from operating activities		
Profit before tax	206.21	267.74
Non Cash adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation	94.09	79.55
Unrealised exchange loss / (gains) (net)	(16.96)	(4.17)
Loss / (profit) on sale of fixed assets (net)	(1.56)	3.53
Interest income	(5.49)	(16.18)
Interest expense	43.24	30.68
Operating profit before working capital changes	319.53	361.15
Movement in working capital		
Increase / (decrease) in trade payables and other current liabilities	(71.90)	54.96
Increase / (decrease) in provisions	13.39	27.74
Decrease / (increase) in trade receivables	(157.25)	(65.96)
Decrease / (increase) in inventories	5.15	(191.75)
Decrease / (increase) in loans and advances	(53.77)	(43.81)
Decrease / (increase) in other current assets	(7.59)	40.02
Cash generated from operations	47.56	182.35
Direct taxes paid (net of refunds)	(97.78)	(64.27)
Net cash flow from / (used in) operating activities	(50.22)	118.08
B. Cash flow from investing activities		
Purchase of fixed assets	(181.17)	(155.08)
Proceeds from sale of fixed assets	7.12	1.55
Acquisition of businesses	(169.40)	(169.65)
Stamp duty on assets towards business acquisition	-	(20.24)
Purchase of shares in subsidiary	(1.85)	(33.98)
Proceed from sale / maturity of investments	0.08	0.08
Interest received	5.42	16.32
Investment in deposits (with maturity more than three months)	0.04	(0.16)
Net cash flow from / (used in) investing activities	(339.76)	(361.16)
C. Cash flow from financing activities		
Proceeds from short-term borrowings	21,923.68	5,767.09
Repayment of short-term borrowings	(21,596.00)	(5,767.09)
Interest paid	(43.21)	(30.68)
Dividend (including dividend distribution tax) paid	(73.88)	(49.26)
Net cash flow from / (used in) financing activities	210.59	(79.94)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(179.39)	(323.02)
Cash and cash equivalents (opening balance)	254.54	577.56
Cash and cash equivalents (closing balance)	75.15	254.54
Components of cash and cash equivalents as at December 31,	2012	2011
Cash and bank balances	76.67	255.88
Less: Unpaid dividend account	1.52	1.34
	75.15	254.54

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.

As per our report of even date

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

Per Navin Agrawal
Partner
Membership No.: 56102
Bengaluru, February 21, 2013

For and on behalf of the Board

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

Bengaluru, February 21, 2013

Notes to the Financial Statements

1. Corporate information

ABB 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. 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 by the Company, except for the change in accounting policy discussed more fully below, and are consistent with those used in the previous year.

2.2 Change in accounting policies

During the year ended December 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

During the year ended December 31, 2012, the Company has decided to discontinue accounting for changes in fair value of embedded derivative contracts, to better present the operating performance of the Company and to align its accounting in line with the policy followed by other peer group companies. Consequent to such change in accounting policy, profit before tax for the current year ended December 31, 2012 is lower by **Rs 1.85 Crore**.

2.3 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.

2.4 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.

Capitalised 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.

Assets acquired under finance lease are capitalised at the lower of their fair value and the present value of the minimum lease payments.

2.5 Depreciation / amortisation

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 / amortised 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 a period of six years.
- Capitalized software costs over a period of five years.

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

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

Assets under finance lease are depreciated over the lower of the lease term or the useful life of the asset unless there is reasonable certainty that the Company will obtain ownership, wherein such assets are depreciated on the straight-line method at the rates prescribed in Schedule XIV of the Companies Act, 1956.

2.6 Impairment of assets

The carrying amount 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.

2.7 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.

2.8 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.

2.9 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.

2.10 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.

2.11 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 estimates 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.

2.12 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.

2.13 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 forecasted transactions are recognized in the statement of profit and loss for the year in which it occurs.

The Company does not follow hedge accounting.

2.14 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.

2.15 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.

2.16 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.

	2012		2011	
	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, 2012, the amount of per share dividend recognised as distributions to equity shareholders was Rs 3/- (December 31, 2011: Rs 3/-)

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	14,63,90,952	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
	15,89,31,282	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	14,63,90,952	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	2,01,96,092	9.53	2,01,34,827	9.50

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)

	2012	2011
4 Reserves and surplus		
Capital reserve	1.10	1.10
Capital redemption reserve	7.50	7.50
Securities premium account	59.40	59.40
General reserve		
Balance as per last financial statements	2,338.63	2,258.63
Add : Transferred from surplus in the statement of profit and loss	64.00	80.00
Balance at the end of the year	2,402.63	2,338.63
Surplus in the statement of profit and loss		
Balance as per last financial statements	85.51	54.69
Profit for the year	137.41	184.54
Less: Appropriations		
Proposed equity dividend	63.57	63.57
Tax on proposed equity dividend	10.31	10.31
Dividend distribution tax reversal for earlier year	-	(0.16)
Transfer to general reserve	64.00	80.00
Total appropriations	137.88	153.72
Net surplus in the statement of profit and loss	85.04	85.51
Total reserves and surplus	2,555.67	2,492.14

(Rs in Crores)

	Current	
	2012	2011
5 Trade payables		
Acceptances	488.21	381.22
Dues to micro and small enterprises (refer note below)	102.43	115.35
Due to subsidiary company	0.42	0.36
Other trade payables	1,308.31	1,468.48
	1,899.37	1,965.41
The Company has amounts dues to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at December 31, 2012		
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at December 31, 2012		
Principal amount	102.37	115.32
Interest	0.06	0.02
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, 2012		
Principal amount	202.69	50.62
Interest	1.65	0.71
iii) The amount of interest due and payable for the period of delay in making payment (beyond the appointed day during the year)	-	0.01
iv) The amount of interest accrued and remaining unpaid for the year ending December 31, 2012	0.06	0.03
v) The amount of further interest remaining due and payable for the earlier years	-	-

(Rs in Crores)

	Non-current		Current	
	2012	2011	2012	2011
6 Other liabilities				
Consideration payable for the businesses acquired (refer note 41)	-	-	60.95	230.35
Investor education and protection fund shall be credited for unclaimed dividends amount when due	-	-	1.52	1.34
Billing in excess of contract revenue	-	-	272.33	305.06
Advances from customers	-	-	804.16	735.06
Employee related payables	-	-	48.47	73.95
Security deposit received	3.89	3.30	0.26	1.34
Statutory dues payable	-	-	15.25	11.53
Other payables	-	-	191.62	199.64
	3.89	3.30	1,394.56	1,558.27

(Rs in Crores)

	Long-term		Short-term	
	2012	2011	2012	2011
7 Provisions				
Provisions for employee benefits				
Gratuity (refer note 48)	-	-	6.32	6.05
Provident fund (refer note 48)	-	-	1.25	4.71
Leave benefits	-	-	18.30	8.94
Other provisions				
Proposed dividend to equity shareholders	-	-	63.57	63.57
Tax on proposed equity dividend	-	-	10.31	10.31
Warranties (refer note 43)	-	-	108.41	100.83
Litigations (refer note 43)	5.71	5.71	-	-
Sales tax (refer note 43)	-	-	32.58	32.94
	5.71	5.71	240.74	227.35

8 Tangible assets

(Rs in Crores)											
Gross block	Freehold Land	Leasehold Land	Leasehold Improvements	Factory Buildings	Other Buildings	Residential Quarters	Plant and Equipment	Office Equipments	Furniture and Fixtures	Vehicles	Total
Balance as at January 01, 2011	25.90	13.90	20.35	221.49	51.43	0.76	554.06	23.10	41.45	1.96	954.40
Additions	0.71	9.53	0.30	19.13	5.48	-	117.64	2.42	2.67	0.75	158.63
Additions on acquisition	40.68	-	-	34.88	2.62	-	125.15	0.57	2.65	0.05	206.60
Disposals	-	-	(0.03)	(0.02)	(0.01)	-	(16.20)	(0.07)	(0.16)	(0.63)	(17.12)
Balance as at December 31, 2011	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
Accumulated depreciation											
Balance as at January 01, 2011	-	0.63	5.86	26.61	4.41	0.29	161.23	6.95	10.60	1.26	217.84
Charge for the year	-	0.24	1.69	8.48	1.29	0.01	50.27	1.49	2.68	0.32	66.47
Reversal on disposal of assets	-	-	(0.01)	-	(0.01)	-	(11.33)	(0.04)	(0.07)	(0.58)	(12.04)
Balance as at December 31, 2011	-	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
Net block											
Balance as at December 31, 2011	67.29	22.56	13.08	240.39	53.83	0.46	580.48	17.62	33.40	1.13	1,030.24
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

Notes:

1. Residential Quarters include cost of shares in Lotus Court Private Limited **Rs 0.01 Crores** (December 31, 2011 - Rs 0.01 Crores).
2. Certain land and building amounting to **Rs 22.58 Crores** (December 31, 2011 - Rs 36.17 Crores) is in the process of being registered in the name of the Company.
3. 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, 2011	5.84	28.82	8.78	43.44
Additions	46.42	62.43	0.01	108.86
Additions on acquisition	-	11.92	0.93	12.85
Disposals	-	(4.09)	(1.62)	(5.71)
Balance as at December 31, 2011	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
Accumulated amortisation				
Balance as at January 01, 2011	0.29	8.40	5.23	13.92
Charge for the year	-	11.53	1.55	13.08
Reversal on disposal of assets	-	(4.10)	(1.62)	(5.72)
Balance as at December 31, 2011	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
Net block				
Balance as at December 31, 2011	51.97	83.25	2.94	138.16
Balance as at December 31, 2012	51.97	74.08	3.23	129.28

(Rs in Crores)

	Non-current		Current	
	2012	2011	2012	2011
10 Investments				
Trade investments (valued at cost)				
Investments in subsidiary				
Unquoted:-				
10,000 (December 31, 2011: 10,000) Equity shares of Rs 10 each fully paid up in Baldor Electric India Private Limited	33.98	33.98	-	-
18,45,763 (December 31, 2011: Nil) 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, 2011: 15,00,000) 6.25%, 2018 Government of India Bonds of Rs 100 each.	15.96	15.96	-	-
Unquoted:-				
1,000 (December 31, 2011: 1,000) Equity shares of Rs 25 each fully paid up in Co-operative Bank of Baroda	0.01	0.01	-	-
10 (December 31, 2011: 10) 5.95%, 15 years Non-cumulative bonds of Karnataka Water & Sanitation Pooled Fund Trust of Rs 666,667 (December 31, 2011: Rs 750,000) each.	0.59	0.67	0.08	0.08
	52.39	50.62	0.08	0.08

(Rs in Crores)

	2012	2011
11 Deferred tax assets (net)		
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	109.90	83.30
Gross deferred tax liability	109.90	83.30
Deferred tax assets		
Provision for doubtful debts and advances	115.05	97.82
Expenditure debited to the statement of profit and loss but allowable for tax purpose in following years	5.55	3.80
Others	4.10	4.08
Gross deferred tax assets	124.70	105.70
Deferred tax assets (net)	14.80	22.40

(Rs in Crores)

	Non-current		Current	
	2012	2011	2012	2011
12 Loans and advances				
Capital advances				
Unsecured, considered good	20.96	9.49	-	-
	20.96	9.49	-	-
Security deposits				
Unsecured, considered good	24.12	22.59	8.87	8.09
Considered doubtful	0.23	0.22	-	-
	24.35	22.81	8.87	8.09
Less: Provision for doubtful deposits	0.23	0.22	-	-
	24.12	22.59	8.87	8.09
Advances to related parties (refer note 41)				
Unsecured, considered good	-	-	12.35	2.45
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	46.29	48.11
Considered doubtful	4.27	2.59	-	-
	4.27	2.59	46.29	48.11
Less: Provision for doubtful advances	4.27	2.59	-	-
	-	-	46.29	48.11
Other loans and advances				
Unsecured, considered good				
Advance income-tax (net of provision)	89.30	52.72	-	-
Prepaid expenses	-	-	6.05	7.28
Loans to employees	-	-	5.33	4.71
Taxes and duties recoverable	95.80	79.09	96.77	50.91
Balances with statutory / government authorities	-	-	52.64	78.42
	185.10	131.81	160.79	141.32
Total loans and advances	230.18	163.89	228.30	199.97

Taxes and duties recoverable includes amount paid under protest.

(Rs in Crores)

	Non-current		Current	
	2012	2011	2012	2011
13 Other assets				
Unsecured, considered good unless stated otherwise				
Non current bank balances (refer note 16)	8.45	8.49	-	-
Contract revenue in excess of billing / unbilled revenue	-	-	307.80	320.39
Interest accrued on fixed deposits	-	-	0.14	0.07
Interest accrued on investments	-	-	0.49	0.49
Mark to market gain on derivatives	-	-	7.03	2.65
Other receivables	-	-	34.54	18.74
	8.45	8.49	350.00	342.34

(Rs in Crores)

	2012	2011
14 Inventories (valued at lower of cost and net realisable value)		
Raw materials and components (including goods-in-transit of Rs 66.01 Crores, December 31, 2011: Rs 66.44 Crores) (refer note 19)	531.18	537.00
Work-in-progress (refer note 21)	282.97	273.73
Finished goods (refer note 21)	102.36	110.96
Traded goods (refer note 21)	1.57	1.52
Stores and spares	2.32	2.34
	920.40	925.55

(Rs in Crores)

	Non-current		Current	
	2012	2011	2012	2011
15 Trade receivables				
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	115.46	73.54
Considered doubtful	240.36	208.23	-	-
	240.36	208.23	115.46	73.54
Less : Provision for doubtful receivables	240.36	208.23	-	-
(A)	-	-	115.46	73.54
Other receivables				
Unsecured, considered good	-	-	3,148.92	3,008.97
Considered doubtful	-	-	109.74	90.44
	-	-	3,258.66	3,099.41
Less : Provision for doubtful receivables	-	-	109.74	90.44
(B)	-	-	3,148.92	3,008.97
Total (A + B)	-	-	3,264.38	3,082.51
Trade receivables include:				
Dues from ABB Global Industries and Services limited, in which the Company's Managing Director is a director.	-	-	4.26	4.89

(Rs in Crores)

	Non-current		Current	
	2012	2011	2012	2011
16 Cash and bank balances				
Cash and cash equivalents				
Balances with banks				
- On current accounts	-	-	7.67	122.25
- Deposit accounts (maturity upto 3 months)	-	-	-	60.00
Cheques / drafts on hand	-	-	67.47	72.28
Cash on hand	-	-	0.01	0.01
	-	-	75.15	254.54
Other bank balances				
Unpaid dividend account	-	-	1.52	1.34
Margin money deposit (refer note 13)	8.45	8.49	-	-
	8.45	8.49	1.52	1.34
Total	8.45	8.49	76.67	255.88

(Rs in Crores)

	2012	2011
17 Revenue from operations (net)		
Sale of products and services		
Sale of products	7,007.84	6,919.70
Sale of services	462.47	450.57
	7,470.31	7,370.27
Other operating revenues		
Scrap sales	24.30	23.89
Commission income	4.16	3.78
Income from development services	42.33	30.44
Miscellaneous income	23.89	20.59
	94.68	78.70
Revenue from operations (net)	7,564.99	7,448.97
Detail of sale of products and services		
(i) Sale of products		
Switchgear of all types	1,667.66	1,682.41
Transformers	506.57	680.51
Electronic control and supply units for variable speed drives and other applications	787.16	738.31
Motors and other machines	616.46	651.73
Others	3,429.99	3,166.74
	7,007.84	6,919.70
(ii) Sale of services		
Erection, commissioning and other engineering services	462.47	450.57
	462.47	450.57
	7,470.31	7,370.27

The above includes revenue from construction contracts (refer note 40)

(Rs in Crores)

	2012	2011
18 Other income		
Interest income from deposits with bank	1.25	5.91
Interest income from long-term investments	0.98	0.99
Interest income - others	3.26	9.28
Exchange rate difference - gain (net)	-	25.28
Profit on sale of assets	1.56	-
	7.05	41.46
19 Cost of raw materials and components consumed and project bought outs		
Opening stock	537.00	395.64
Add : Purchases during the year	4,679.86	4,866.44
Less : Closing stock	531.18	537.00
	4,685.68	4,725.08
Details of raw materials and components consumed and project bought outs		
Electrical motors, generators, drives, components and equipments	779.02	799.83
Protecting and control elements	388.39	455.28
Sheet metal components, casting and forgings	262.78	219.59
Non-ferrous metals and alloys	259.77	253.84
Power converters	251.67	275.12
Electronic components and equipments	211.74	254.20
Wires, cables and conductors	210.52	228.89
Ferrous metals and alloys	163.56	121.60
Others	2,158.23	2,116.73
	4,685.68	4,725.08
The above amounts include project bought outs of Rs 1,541.05 Crores (December 31, 2011 - Rs 1,659.85 Crores)		
Details of inventory		
Raw materials and components		
Electrical motors, generators, drives, components and equipments	110.85	73.75
Protecting and control elements	94.06	64.41
Electronic components and equipments	65.17	37.92
Mechanical components	34.74	9.41
Power convertors	33.19	16.67
Non ferrous metal and alloys	29.26	24.57
Others	163.91	310.27
	531.18	537.00
20 Purchases of traded goods		
Motors and other machines	87.86	115.18
Transformers	5.60	38.01
Switchgears	4.12	7.92
Power invertors	12.46	15.79
Others	153.46	143.26
	263.50	320.16

(Rs in Crores)

	2012	2011
21 (Increase) / decrease in inventories of finished goods, work-in-progress and traded goods		
Opening stock		
- Finished goods	110.96	72.57
- Work-in-progress	273.73	227.90
- Traded goods	1.52	1.21
	386.21	301.68
Closing stock		
- Finished goods	102.36	110.96
- Work-in-progress	282.97	273.73
- Traded goods	1.57	1.52
	386.90	386.21
	(0.69)	(84.53)
Details of inventory of finished goods, work-in-progress and traded goods		
Finished Goods		
Motors and other machines	26.25	32.25
LV switchgear products	19.85	16.89
Transformers	15.74	17.77
MV switchgears	8.45	11.88
Others	32.07	32.17
	102.36	110.96
Work-in-progress		
Transformers	95.18	83.65
MV switchgears	12.82	24.45
Motors and other machines	17.57	16.83
Variable speed AC / DC drive system and other applications	18.94	19.58
LV switchgear products	11.36	9.23
Others	127.10	119.99
	282.97	273.73
Traded goods		
Motors and other machines	1.16	1.12
Others	0.41	0.40
	1.57	1.52
22 Employee benefit expenses		
Salaries, wages and bonus	527.52	492.54
Gratuity	14.71	9.64
Provident fund	13.69	16.98
Contribution to superannuation and other funds	21.37	24.25
Staff welfare expenses	25.54	24.06
Training, recruitment and transfer expenses	16.77	19.35
	619.60	586.82
23 Finance costs		
Interest expenses	37.56	28.23
Bill discounting and other charges	5.68	2.45
	43.24	30.68

(Rs in Crores)

	2012	2011
24 Depreciation and amortisation expense		
Depreciation of tangible assets	78.98	66.47
Amortisation of intangible assets	15.11	13.08
	94.09	79.55
25 Other expenses		
Consumption of stores and spares	27.17	26.90
Packing expenses	25.22	23.75
Royalty and technology fees	190.78	168.37
Freight and forwarding	94.39	74.02
Postage and telephone	9.08	10.24
Commission (other than sole selling agent)	7.45	5.73
Discount	2.53	2.41
Power and fuel	51.15	46.24
Travelling and conveyance	108.63	109.94
Insurance	13.04	12.34
Rates and taxes	9.50	29.78
Rent	37.25	29.56
Repairs :		
Buildings	3.92	4.00
Plant and machinery	21.36	28.10
Others	4.10	4.42
Provision for doubtful debts and advances	53.20	90.42
Bad debts / advances written off	7.27	9.29
Loss on sale of fixed assets (net)	-	3.53
Printing and stationery	6.04	6.01
Bank charges	13.71	15.71
Legal and professional	21.70	22.15
Payments to auditor (refer note below)	2.38	2.41
Trade-mark fees	58.37	57.80
Information technology expenses	98.87	89.54
Exchange rate difference - loss (net)	46.46	-
Director's fees and commission	0.35	0.16
Services from third parties	62.82	76.76
Testing and inspection charges	23.07	20.44
Miscellaneous	181.26	160.24
	1,181.07	1,130.26
Payments to Auditor (excluding service tax)		
As auditor:		
Audit fee	1.02	1.02
Tax audit fee	0.26	0.31
Limited review	0.39	0.39
In other capacity:		
SOX and group reporting fees	0.50	0.50
Certifications	0.08	0.06
Others	0.08	0.06
Reimbursement of expenses	0.05	0.07
	2.38	2.41
26 Earning per share (EPS)		
a) Net profit / (loss) for calculation of basic and diluted EPS	137.41	184.54
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

27. Proposed amalgamation

The Board of Directors have approved the amalgamation of Baldor Electric India Private Limited, Pune (a 100% subsidiary of ABB Limited) with the Company on September 26, 2012. The amalgamation scheme was filed with the Honourable High Court of Bombay on November 27, 2012. In terms of the scheme appointed date proposed is April 1, 2012. Pending approval of the scheme by the High Court, no effects of the amalgamation has been recognized in the financial statements.

28. Acquisitions

- a) During the previous year the Company had acquired with effect from April 1, 2011 three businesses; (a) Transformer Insulation - Boards and Components, (b) Low Voltage Breakers and Switches and (c) Vacuum Interrupters from M/s. ABB Global Industries and Services Limited, for an aggregate consideration of Rs 400.00 crores on a slump sale basis. Net Assets acquired was Rs 353.58 crores and goodwill capitalized on acquisition was Rs 46.42 crores.
- b) During the previous year the Company had acquired 100% equity shares of Baldor Electric India Private Limited, Pune (Baldor) from Baldor Holdings Inc., USA and Baldor Electric Switzerland AG, Switzerland, for a total consideration of Rs 33.90 crores. Baldor became a wholly owned subsidiary of the Company effective December 1, 2011.

29. Segment reporting

A) Primary segment reporting (by business segments)

i) Composition of business segments

The Company's business segments are organized around products and system solutions provided to its customers, which include utilities, industries, channel partners and original equipment manufacturers.

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

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

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

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

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

- ii) The accounting policies used in the preparation of the financial statements of the Company are also applied for segment reporting.
- iii) Segment revenues, expenses, assets and liabilities are those, which are directly attributable to the segment or are allocated on an appropriate basis. Corporate and other revenues, expenses, assets and liabilities to the extent not allocable to segments are disclosed in the reconciliation of reportable segments with the financial statements.

iv) Inter segment transfer pricing

Inter segment prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks, within an overall optimization objective for the Company.

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

vi) Segment revenues, results and other information

(Rs in Crores)

	Power Systems	Power Products	Process Automation	Discrete Automation and Motion	Low Voltage Products	Total
External sales (net of excise duty)	2,203.42 (2,325.87)	1,739.55 (1,640.06)	1,325.23 (1,277.90)	1,635.92 (1,627.12)	540.17 (474.69)	7,444.29 (7,345.64)
Inter segment sales	30.58 (28.00)	287.36 (318.07)	28.02 (35.06)	132.66 (164.66)	69.21 (59.73)	547.83 (605.52)
Other operating revenue	8.16 (8.51)	58.39 (42.65)	3.38 (8.94)	6.67 (7.54)	8.00 (5.46)	84.60 (73.10)
Segment revenues	2,242.16 (2,362.38)	2,085.30 (2,000.78)	1,356.63 (1,321.90)	1,775.25 (1,799.32)	617.38 (539.88)	8,076.72 (8,024.26)
Segment results	-14.54 (-0.83)	138.44 (99.83)	-15.23 (37.68)	195.64 (206.64)	39.55 (34.14)	343.86 (377.46)
Segment assets	1,791.43 (1,724.71)	1,586.73 (1,501.25)	1,101.29 (1,022.44)	850.81 (823.30)	403.03 (354.78)	5,733.29 (5,426.48)
Segment liabilities	1,288.92 (1,283.01)	718.32 (821.99)	658.76 (662.08)	582.27 (614.93)	149.80 (153.37)	3,398.07 (3,535.38)
Capital expenditure	2.91 (6.65)	80.05 (316.56)	3.44 (5.52)	14.92 (11.20)	27.43 (87.28)	128.75 (427.21)
Depreciation / amortisation	1.41 (1.37)	44.13 (37.97)	2.60 (2.85)	14.05 (14.94)	12.58 (9.20)	74.77 (66.33)

vii) Reconciliation of reportable segments with the financial statements

(Rs in Crores)

	Revenues	Results / Net profit	Capital expenditure	Assets	Liabilities
Total segments	8,076.72 (8,024.26)	343.86 (377.46)	128.75 (427.21)	5,733.29 (5,426.48)	3,398.07 (3,535.38)
Corporate - unallocated (net)	43.15 (71.69)	-94.41 (-79.04)	52.42 (88.61)	736.71 (868.08)	473.88 (224.66)
Inter segment sales	-547.83 (-605.52)	- (-)	- (-)	- (-)	- (-)
Interest expense	- (-)	-43.24 (-30.68)	- (-)	- (-)	- (-)
Provision for tax	- (-)	-68.80 (-83.20)	- (-)	- (-)	- (-)
As per financial statements	7,572.04 (7,490.43)	137.41 (184.54)	181.17 (515.82)	6,470.00 (6,294.56)	3,871.95 (3,760.04)

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	6,582.37 (6,576.90)	989.67 (913.53)	7,572.04 (7,490.43)
Segment assets	5,963.17 (5,921.86)	506.83 (372.70)	6,470.00 (6294.56)
Segment capital expenditure	181.17 (515.78)	- (0.04)	181.17 (515.82)

(Rs in Crores)		
As at December 31,	2012	2011
30. Contingent liabilities		
i) Excise duty / service tax and sales tax liabilities in dispute	364.68	420.26
ii) Custom duty liabilities in dispute	2.02	3.83
iii) Claims against the Company not acknowledged as debts	8.85	8.85
iv) Income tax matters in dispute	254.05	19.22

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)	
	2012	2011
31. Estimated amount of contracts remaining to be executed on account of capital and other commitments and not provided for (net of advances)	128.34	86.20

32. 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 37.25 crores** (Previous Year Rs 29.56 crores).

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

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

	(Rs in Crores)	
	2012	2011
Within one year	3.94	4.26
After one year but not more than five years	9.97	8.31
More than five years	1.20	3.44
	15.11	16.01

33. Research and development expenditure of **Rs 8.56 crores** (Previous Year Rs 0.40 crores) on revenue account has been incurred during the year.

34. Short term borrowings represent unsecured 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,	2012	2011
35. Earnings in foreign currency		
(on accrual basis)		
i) Export of goods on FOB basis	870.67	823.74
ii) Goods supplied / services rendered locally against foreign exchange remittances	55.96	203.42
iii) Erection & other services	71.76	53.22
iv) Other income :		
a) Commission	4.16	3.63
b) Service charges and others	43.08	32.94
	1,045.63	1,116.95

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

(Rs in Crores)

	2012		2011	
	%	Amount	%	Amount
Imported	46.61	1,478.31	49.16	1,520.20
Indigenously acquired	53.39	1,693.49	50.84	1,571.93
	100.00	3,171.80	100.00	3,092.13

(Rs in Crores)

For the year ended December 31,	2012	2011
37. Value of imports on CIF basis		
(on accrual basis)		
Raw materials	200.60	164.91
Components and spares	1,143.32	1,217.14
Finished goods	157.85	194.23
Capital goods including technical know-how	38.03	51.41
Project items	404.01	582.41
	1,943.81	2,210.10
38. Expenditure in foreign currency		
(on accrual basis)		
Royalty and technology fees	181.39	160.57
Trade-mark fees	58.37	57.80
Professional / project consultancy	2.71	7.34
Travelling and conveyance	11.76	10.84
Information technology expenses	58.19	27.88
Others	120.61	82.71
	433.03	347.14
39. 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	15,89,31,987	15,89,31,987
iii) Year ended to which the dividend related December 31,	2011	2010
iv) Amount remitted	47.68	31.79

40. Construction Contracts

	(Rs in Crores)	
	2012	2011
Contract revenue recognised for the year ended December 31, 2012	2,839.09	3,104.32
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to December 31, 2012 for all the contracts in progress	13,234.32	11,217.65
The amount of customer advances outstanding for contracts in progress as at December 31, 2012	651.12	453.84
The amount of retentions due from customers for contracts in progress as at December 31, 2012	1,132.50	1,044.93
The amount due from customers for contracts in progress as at December 31, 2012	863.97	874.20

41. 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 Pvt. Ltd., Pune, India (with effect from December 1, 2011)

Fellow subsidiaries:

ABB (Asea Brown Boveri), S.A., Paco de Arcos, Portugal	ABB France, Les Ulis, France
ABB (China) Ltd., Beijing, China	ABB FZ-LLC, Dubai, United Arab Emirates
ABB (Hong Kong) Ltd., Hong Kong, China	ABB Genway Xiamen Electrical Equipment Co. Ltd., Xiamen, China
ABB (Pty) Ltd., Gaborone, Botswana	ABB Global Industries and Services Limited, Bengaluru, India
ABB A/S, Skovlunde, Denmark	ABB Global Marketing FZ LLC, Dubai, United Arab Emirates
ABB AB, Västerås, Sweden	ABB Group Accounting Services B.V., Rotterdam, Netherlands
ABB AG, Mannheim, Germany	ABB High Voltage Switchgear (Xiamen) Company Ltd., Xiamen, China
ABB AG, Vienna, Austria	ABB High Voltage Switchgear Co. Ltd., Beijing, China
ABB AS, Billingstad, Norway	ABB Holdings Sdn. Bhd., Subang Jaya, Malaysia
ABB AS, Jüri, Estonia	ABB Import & Export Services Ltd., Oranjestad, Aruba
ABB Australia Pty Limited, Sydney, Australia	ABB Inc., Cary, NC, United States
ABB Automation Co. Ltd., Riyadh, Saudi Arabia	ABB Inc., St. Laurent, Quebec, Canada
ABB Automation EOOD, Rakovski, Bulgaria	ABB Industries (L.L.C.), Dubai, United Arab Emirates
ABB Automation GmbH, Mannheim, Germany	ABB Industries FZ, Dubai, United Arab Emirates
ABB Automation L.L.C., Abu Dhabi, United Arab Emirates	ABB Information Systems Ltd., Zurich, Switzerland
ABB Automation Products GmbH, Ladenburg, Germany	ABB International Marketing Ltd., Zurich, Switzerland
ABB Bailey Beijing Engineering Co. Ltd., Beijing, China	ABB Intra AG, Zurich, Switzerland
ABB Bailey Japan Limited, Shizuoka-Ken, Japan	ABB Jiangjin Turbo Systems Company Limited, Chongqing, China
ABB Beijing Drive Systems Co. Ltd., Beijing, China	ABB K.K., Tokyo, Japan
ABB BV, Rotterdam, Netherlands	ABB Limited, Auckland, New Zealand
ABB Capital, B.V., Amsterdam, Netherlands	ABB Limited, Bangkok, Thailand
ABB Chongqing Transformer Company Ltd., Chongqing, China	ABB Limited, Dar Es Salaam, Tanzania, United Republic
ABB CL Logistic S.A., Montevideo, Uruguay	ABB Limited, Dhaka, Bangladesh
ABB Contracting Company Ltd., Riyadh, Saudi Arabia	ABB Limited, Nairobi, Kenya
ABB d.o.o., Belgrade, Serbia	ABB Limited, Warrington, United Kingdom
ABB D.o.o., Ljubljana, Slovenia	ABB Limited/Jordan LLC., Amman, Jordan
ABB Ecuador S.A., Quito, Ecuador	ABB LLC, Muscat, Oman
ABB Electrical Industries (ABB ARAB) S.A.E., Cairo, Egypt	ABB LLP, Almaty, Kazakhstan
ABB Electrical Industries Ltd., Riyadh, Saudi Arabia	ABB Ltd., Dublin, Ireland
ABB Electrical Machines Ltd., Shanghai, China	ABB Ltd., Hanoi, Vietnam
ABB Elektrik Sanayi A.S., Istanbul, Turkey	ABB Ltd., Kampala, Uganda
ABB Engg. Technologies Co. (KSCC), Safat, Kuwait	ABB Ltd., Kiev, Ukraine
ABB Engineering (Shanghai) Ltd., Shanghai, China	ABB Ltd., Lusaka, Zambia
ABB Engineering Trading and Service Ltd., Budapest, Hungary	ABB Ltd., Moscow, Russian Federation
ABB Equity Limited, St. Peter's Port, Guernsey	ABB Ltd., Seoul, South Korea
ABB ESAP Limited, St. Peter's Port, Guernsey	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
 ABB Qatar LLC., Doha, Qatar
 ABB Research Ltd., Zurich, Switzerland
 ABB S.A., Buenos Aires, Argentina
 ABB S.A., Casablanca, Morocco
 ABB S.A., Les Ulis, France
 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 Service Co. Ltd., Al Khobar, Saudi Arabia
 ABB Shanghai Motors Co. Ltd., Shanghai, China
 ABB Shanghai Transformer Co. Ltd., Shanghai, China
 ABB Sp. zo.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
 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
 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, 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 Company de Mexico SA de CV, El Salto, Jalisco, Mexico
 Baldor Electric Company, Fort Smith, AR, United States
 Baldor Electric India Pvt Ltd., Pune, India (upto November 30, 2011)
 Baldor Electric Switzerland AG, Feuerthalen, Switzerland
 Baldor Holdings Inc, Boreham, USA
 Busch-Jaeger Elektro GmbH, Mannheim / Lüdenscheld, Germany
 Electrical Materials Center, Riyadh, Saudi Arabia
 K-Tek Level Engineering Pvt. Ltd., Navi Mumbai, India
 PT ABB Sakti Industri, Jakarta, Indonesia
 Pucaro Elektro-Isolierstoffe GmbH, Roigheim, Germany
 Shantou Winride Switchgear Co. Ltd., Longhu District Shantou, China
 Turbo Systems United Co. Ltd., Tokyo, Japan

Key management personnel:

Managing director:

Mr. Bazmi R. Husain

Chief financial officer:

Mr. Amlan Datta Majumdar

(Rs in Crores)		
As at December 31,	2012	2011
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	1.65	-
Subsidiary Company		
- Baldor Electric India Pvt. Ltd., Pune, India	0.06	-
Fellow Subsidiaries		
- ABB AB, Västerås, Sweden	50.81	32.32
- PT ABB Sakti Industri, Jakarta, Indonesia	44.36	25.19
- ABB Oy, Helsinki, Finland	28.85	80.55
- Other fellow subsidiaries	600.58	476.72
	724.60	614.78

(Rs in Crores)

As at December 31,	2012	2011
ii) Purchases of raw materials, components, project items and traded goods		
Subsidiary Company		
- Baldor Electric India Pvt. Ltd., Pune, India	0.57	0.32
Fellow Subsidiaries		
- ABB Oy, Helsinki, Finland	329.52	350.05
- ABB Schweiz AG, Baden, Switzerland	259.33	195.01
- ABB AB, Västerås, Sweden	184.46	324.73
- Other fellow subsidiaries	712.05	683.32
	1,485.36	1,553.11
iii) Expenditure on ESAP charges		
Fellow Subsidiaries		
- ABB ESAP Limited, St. Peters' Port, Guernsey	0.20	0.11
iv) Expenditure on royalty, technology and trade-mark fees		
Holding Company	58.37	57.80
Fellow Subsidiaries		
- ABB Technology Ltd., Zurich, Switzerland	156.00	141.55
- Other fellow subsidiaries	22.56	17.08
	178.56	158.63
v) Expenditure on information technology, engineering, management and other services		
Holding Company	3.74	8.32
Fellow Subsidiaries		
- ABB Global Industries and Services Limited, Bengaluru, India	46.24	44.86
- ABB Information Systems Ltd., Zurich, Switzerland	39.86	32.74
- ABB Management Services Limited, Zurich, Switzerland	22.05	10.73
- Other fellow subsidiaries	83.33	51.41
	191.48	139.74
vi) Capital expenditure for technical know-how		
Fellow Subsidiaries		
- ABB AB, Västerås, Sweden	2.44	8.23
- ABB Oy, Helsinki, Finland	1.40	1.00
- ABB Ltda., Osasco, Brazil	1.38	-
- ABB Stotz-Kontakt GmbH, Heidelberg, Germany	1.01	-
- ABB S.p.A., Milan, Italy	-	1.25
- Other fellow subsidiaries	0.06	0.15
	6.29	10.63
vii) Other capital expenditure		
Fellow Subsidiaries		
- ABB Stotz-Kontakt GmbH, Heidelberg, Germany	2.28	5.43
- ABB Schweiz AG, Baden, Switzerland	0.96	0.01
- ABB Australia Pty Limited, Sydney, Australia	0.72	1.32
- ABB AB, Västerås, Sweden	0.44	2.00
- ABB Automation Products GmbH, Ladenburg, Germany	0.17	1.60
- Other fellow subsidiaries	0.89	0.70
	5.46	11.06
viii) Business acquisition / share purchase		
Fellow Subsidiaries		
- ABB Global Industries and Services Limited, Bengaluru, India	-	400.00
- Baldor Holdings Inc, Boreham, USA	1.85	33.89
- Baldor Electric Switzerland AG, Feuerthalen, Switzerland	-	0.01
	1.85	433.90

(Rs in Crores)

As at December 31,	2012	2011
ix) Sale of assets (net)		
Fellow Subsidiaries		
- ABB Limited, Dhaka, Bangladesh	3.84	-
x) Trade receivables		
Holding Company	0.08	-
Fellow Subsidiaries		
- ABB Contracting Company Ltd., Riyadh, Saudi Arabia	44.24	54.83
- ABB LLC, Muscat, Oman	11.16	26.49
- ABB AB, Västerås, Sweden	17.49	16.42
- Other fellow subsidiaries	151.61	136.08
	224.50	233.82
xi) Loans and advances		
Fellow Subsidiaries		
- ABB Chongqing Transformer Company Ltd., Chongqing, China	4.77	-
- ABB AB, Västerås, Sweden	4.07	1.10
- ABB Schweiz AG, Baden, Switzerland	1.34	0.44
- ABB High Voltage Switchgear (Xiamen) Company Ltd., Xiamen, China	1.26	-
- ABB Oy, Helsinki, Finland	0.91	0.91
- Other fellow subsidiaries	-	-
	12.35	2.45
xii) Other current assets		
Holding Company	0.52	0.66
Fellow Subsidiaries		
- ABB Technology Ltd., Zurich, Switzerland	10.70	5.57
- ABB AB, Västerås, Sweden	8.29	4.38
- ABB Limited, Dhaka, Bangladesh	3.84	-
- Other fellow subsidiaries	3.72	3.01
	26.55	12.96
xiii) Creditors for acquisition		
Fellow Subsidiaries		
- ABB Global Industries and Services Limited, Bengaluru, India	60.95	230.35
xiv) Trade payables		
Holding Company	7.30	8.50
Subsidiary Company		
- Baldor Electric India Pvt. Ltd., Pune, India	0.42	0.36
Fellow Subsidiaries		
- ABB Oy, Helsinki, Finland	112.21	108.03
- ABB Schweiz AG, Baden, Switzerland	77.43	86.78
- ABB AB, Västerås, Sweden	59.40	100.31
- Other fellow subsidiaries	257.11	227.67
	506.15	522.79
xv) Other liabilities		
Holding Company	9.30	5.73
Fellow Subsidiaries		
- ABB Oy, Helsinki, Finland	3.20	-
- ABB S.p.A., Milan, Italy	1.57	-
- ABB AB, Västerås, Sweden	1.18	-
- ABB Technology Ltd., Zurich, Switzerland	-	9.39
- ABB Capital, B.V., Amsterdam, Netherlands	-	6.38
- ABB Inc., Cary, NC, United States	-	5.21
- Other fellow subsidiaries	4.51	14.07
	10.46	35.05

(Rs in Crores)

As at December 31,	2012	2011
xvi) Dividend paid during the year		
Holding Company	43.92	29.28
Fellow Subsidiaries	3.76	2.51
xvii) Remuneration to managing director	2.60	2.30
xviii) Remuneration to chief financial officer	0.98	0.92

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.

42. Exchange rate variation - (gain) / loss (net) for the year includes gain on account of fair valuation of foreign exchange forward contracts for firm trade commitments amounting to **Rs 3.47 crores** (Previous Year gain of Rs 47.15 crores includes gain on firm trade commitments and embedded derivative contracts).

43. 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, 2012	Additions	Amounts used	Unused amounts reversed	As at December 31, 2012
Warranties	100.83 (93.37)	84.90 (67.58)	48.76 (47.08)	28.56 (13.04)	108.41 (100.83)
Sales tax	32.94 (14.61)	1.54 (21.94)	1.90 (2.45)	- (1.16)	32.58 (32.94)
Litigations	5.71 (5.67)	- (0.21)	- (0.17)	- -	5.71 (5.71)
Restructuring	- (0.12)	- -	- -	- (0.12)	- -

- 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, 2012 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.

44. 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 0.20 crores** (Previous Year Rs 0.11 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 above. Accordingly, the Company is of the opinion that there is no further accounting treatment / disclosure required under the said guidance note.

45. Derivative Instruments

- i) Forward cover for foreign currency trade receivables outstanding as of balance sheet date is **Rs 455.33 crores** (Previous Year Rs 297.80 crores).
 - ii) Forward cover for expected future sales or highly probable forecast transaction as of balance sheet date is **Rs 208.86 crores** (Previous Year Rs 333.99 crores).
 - iii) Forward cover for foreign currency trade payables outstanding as of balance sheet date is **Rs 673.78 crores** (Previous Year Rs 691.75 crores).
 - iv) Forward cover for expected future purchases or highly probable forecast transaction as of balance sheet date is **Rs 501.59 crores** (Previous Year Rs 372.58 crores).
 - v) Foreign currency exposure (net) that are not hedged by derivative instruments or otherwise is payable **Rs 54.68 crores** (Previous Year payable is Rs 64.30 crores).
46. Excise duty on sales amounting to **Rs 461.37 Crores** (December 31, 2011: Rs 323.29 Crores) has been reduced from sales in the statement of profit and loss. Excise duty on increase in inventory of finished goods amounting to **Rs 0.16 Crores** (December 31, 2011: Rs 3.63 Crores) has been accounted in the statement of profit and loss under the head "cost of raw material and components consumed and project bought outs".

47. Commodity Contracts

The Company uses commodity future contracts to hedge risk against fluctuation in commodity prices beginning January 1, 2012. The following are outstanding future contracts entered into by the Company as on December 31, 2012.

Year	Commodity	Number of contracts	Contractual quantity	Buy / Sell
2012	Copper	31 contracts - 29 contracts of 25 MTs each and 2 contracts of 50 MTs each	825 MTs	Buy

48. 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)				
	2012		2011	
	Gratuity	Provident Fund	Gratuity	Provident Fund
i) Change in benefit obligations				
Projected benefit obligations at the beginning of the period	76.10	290.69	66.71	247.96
Acquired business	-	-	2.71	-
Current service cost	7.52	18.40	6.48	19.84
Contribution by plan participants (employees)	-	41.84	-	35.82
Interest cost	6.43	26.16	5.84	21.08
Benefits paid	(9.44)	(44.35)	(8.29)	(30.16)
Actuarial loss / (gain)	6.88	(8.01)	2.65	(3.85)
Projected benefit obligations (PBO) at the end of the period	87.49	324.73	76.10	290.69
ii) Change in plan assets				
Plan assets at the beginning of the period, at fair value	70.05	285.98	59.50	243.79
Acquired business	-	-	2.50	-
Contributions	14.44	58.99	11.00	52.26
Expected return on plan assets	6.53	24.19	5.64	22.94
Actuarial (loss) / gain	(0.41)	(1.33)	(0.30)	(2.85)
Benefits paid	(9.44)	(44.35)	(8.29)	(30.16)
Plan assets at the end of the period, at fair value	81.17	323.48	70.05	285.98
iii) Actual return on plan assets				
Expected return on plan assets	6.53	24.19	5.64	22.94
Actuarial (loss) / gain on plan assets	(0.41)	(1.33)	(0.30)	(2.85)
Actual return on plan assets	6.12	22.86	5.34	20.09
iv) Present value of the defined benefit obligation	87.49	324.73	76.10	290.69
Plan assets at the end of the period, at fair value	81.17	323.48	70.05	285.98
Liability recognised in the balance sheet	6.32	1.25	6.05	4.71
v) Expense recognised in the statement of profit and loss				
Current service cost	7.52	18.40	6.48	19.84
Interest cost	6.43	26.16	5.84	21.08
Expected return on plan assets	(6.53)	(24.19)	(5.64)	(22.94)
Actuarial loss / (gain)	7.29	(6.68)	2.96	(1.00)
Expense recognised in the statement of profit and loss	14.71	13.69	9.64	16.98
vi) Investment Details (% invested)				
GOI securities	22.0	22.3	24.8	26.5
State government securities	14.6	17.4	16.2	15.2
PSU securities	24.5	40.5	30.0	37.9
Special deposit scheme / Funds with LIC	34.4	6.8	19.1	7.8
Others (including bank balances)	4.5	13.0	9.9	12.6
	100.0	100.0	100.0	100.0
vii) Assumptions				
Interest rate for discount - per annum	8.25%	8.25%	9.00%	9.00%
Estimated rate of return on plan assets - per annum	9.00%	8.25%	9.00%	9.00%

(Rs in Crores)

viii) Experience Adjustment	2012	2011	2010	2009	2008
Gratuity					
Defined benefit obligation	87.49	76.10	66.71	57.56	52.03
Plan assets	81.17	70.05	59.50	54.10	49.19
Surplus / (deficit)	(6.32)	(6.05)	(7.21)	(3.46)	(2.84)
Experience adjustments on plan liabilities	2.38	5.38	4.30	0.82	5.13
Experience adjustments on plan assets	0.41	0.30	0.62	(0.10)	(0.28)
Provident Fund					
Defined benefit obligation	324.73	290.69	247.96	208.63	182.20
Plan assets	323.48	285.98	243.79	204.81	176.85
Surplus / (deficit)	(1.25)	(4.71)	(4.17)	(3.82)	(5.35)
Experience adjustments on plan liabilities	(8.05)	(3.76)	1.73	3.54	0.17
Experience adjustments on plan assets	1.33	2.85	(2.70)	0.11	(6.88)

Notes:

- i) **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.
- ii) **Provident Fund Plan**
The Company manages provident fund plan through a provident fund trust for its employees which is permitted under the Provident Fund and Miscellaneous Provisions Act, 1952. The Contribution by employee and employer together with interest are payable at the time of separation from service or retirement whichever is earlier.
- iii) 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.
- iv) The Company expects to contribute **Rs 16.00 crores** (Previous Year Rs 10.60 crores) to gratuity fund and **Rs 15.00 crores** (Previous Year Rs 18.68 crores) to provident fund in 2013.
- v) The attrition rate for gratuity varies from 1% to 8% for various age groups.

49. 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.
Firm Registration Number: 301003E
Chartered Accountants

Per Navin Agrawal
Partner
Membership No.: 56102
Bengaluru, February 21, 2013

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

Bengaluru, February 21, 2013

Statement Regarding Subsidiary Companies Pursuant to Section 212 (1) and (3) of the Companies Act, 1956:

(Rs in Crores)

Name of the subsidiary	Financial year of the subsidiary ended on	Extent of holding by ABB Limited in the subsidiary as on December 31, 2012	Profit / (Loss) so far as it concerns the members of ABB Limited and not dealt with in the accounts of ABB Limited		Profit / (Loss) so far as it concerns the members of ABB Limited and dealt with in the accounts of ABB Limited	
			For the financial year ended on December 31, 2012	For the previous years since it became a subsidiary	For the financial year ended on December 31, 2012	For the previous years since it became a subsidiary
Baldor Electric India Private Limited	December 31, 2012	100.00%	3.53	3.71	Nil	Nil

Notes

Auditors' Report on the Consolidated Financial Statements

To
The Board of Directors of ABB Limited

We have audited the attached consolidated balance sheet of ABB Limited ('the Company') and its subsidiary company [collectively hereinafter referred to as 'the Group'], as at December 31, 2012, and also the consolidated statement of profit and loss and the consolidated cash flow statement for the year ended on that date annexed thereto ('consolidated financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21 - Consolidated financial statements, notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at December 31, 2012;
- (b) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

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

per Navin Agrawal
Partner
Membership No.: 56102

Place: Bengaluru
Date: February 21, 2013

Consolidated Balance Sheet

(Rs in Crores)

Balance sheet as at December 31, 2012	Notes	2012	2011
Equity and liabilities			
Shareholders' funds			
Share capital	2	42.38	42.38
Reserves and surplus	3	2,559.26	2,492.20
		2,601.64	2,534.58
Preference shares issued by subsidiary company	43	-	1.85
		2,601.64	2,536.43
Non-current liabilities			
Other long-term liabilities	5	3.89	3.30
Long-term provisions	6	5.71	5.71
		9.60	9.01
Current liabilities			
Short-term borrowings	33	327.68	-
Trade payables	4	1,929.26	1,986.56
Other current liabilities	5	1,394.87	1,559.00
Short-term provisions	6	241.36	227.95
		3,893.17	3,773.51
Total		6,504.41	6,318.95
Assets			
Non-current assets			
Fixed assets			
Tangible assets	7	1,078.41	1,030.62
Intangible assets	8	155.38	164.26
Capital work-in-progress		117.01	74.43
Non-current investments	9	16.56	16.64
Deferred tax assets (net)	10	14.99	22.51
Long-term loans and advances	11	231.25	164.27
Other non-current assets	12	8.97	9.17
		1,622.57	1,481.90
Current assets			
Current investments	9	0.08	0.08
Inventories	13	933.37	939.15
Trade receivables	14	3,280.82	3,093.56
Cash and bank balances	15	86.84	259.95
Short-term loans and advances	11	230.51	201.88
Other current assets	12	350.22	342.43
		4,881.84	4,837.05
Total		6,504.41	6,318.95

Summary of significant accounting policies

1

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Per Navin Agrawal
Partner
Membership No.: 56102
Bengaluru, February 21, 2013

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

Bengaluru, February 21, 2013

Statement of Consolidated Profit and Loss

(Rs in Crores)			
For the year ended December 31, 2012	Notes	2012	2011
Revenue			
Revenue from operations (gross)		8,071.85	7,775.08
Less : Excise duty		461.37	323.29
Revenue from operations (net)	16	7,610.48	7,451.79
Other income	17	7.26	41.15
Total revenue		7,617.74	7,492.94
Expenses			
Cost of raw materials and components consumed and project bought outs	18	4,685.72	4,725.08
Purchases of traded goods	19	294.53	322.18
(Increase) / decrease in inventories of finished goods, work-in-progress and traded goods	20	(0.06)	(85.01)
Subcontracting charges		479.34	434.67
Employee benefit expenses	21	623.96	587.21
Finance costs	22	43.24	30.68
Depreciation and amortisation expense	23	94.17	79.55
Other expenses	24	1,185.41	1,130.59
Total expenses		7,406.31	7,224.95
Profit / (loss) before tax		211.43	267.99
Tax Expenses			
Current tax		62.96	104.92
Deferred tax		7.53	(17.85)
Fringe benefits tax		-	(3.79)
Total tax expenses		70.49	83.28
Profit / (loss) for the year		140.94	184.71

Earnings per equity share on face value of share of Rs 2 each,
(December 31, 2011: Rs 2 each)

25

Basic	6.65	8.72
Diluted	6.65	8.72

Summary of significant accounting policies

1

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Per Navin Agrawal
Partner
Membership No.: 56102
Bengaluru, February 21, 2013

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

Bengaluru, February 21, 2013

Consolidated Cash Flow Statement

(Rs in Crores)

For the year ended December 31, 2012	2012	2011
A. Cash flow from operating activities		
Profit before tax	211.43	267.99
Non Cash adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation	94.17	79.55
Unrealised exchange loss / (gains) (net)	(15.27)	(3.96)
Loss / (profit) on sale of fixed assets (net)	(1.56)	3.53
Interest income	(5.70)	(16.19)
Interest expense	43.24	30.68
Operating profit before working capital changes	326.31	361.60
Movement in working capital		
Increase / (decrease) in trade payables and other current liabilities	(65.28)	56.07
Increase / (decrease) in provisions	13.52	27.74
Decrease / (increase) in trade receivables	(162.64)	(64.85)
Decrease / (increase) in inventories	5.78	(192.22)
Decrease / (increase) in loans and advances	(54.07)	(43.79)
Decrease / (increase) in other current assets	(7.59)	40.02
Cash generated from operations	56.03	184.57
Direct taxes paid (net of refunds)	(100.23)	(64.57)
Net cash flow from / (used in) operating activities	(44.20)	120.00
B. Cash flow from investing activities		
Purchase of fixed assets	(181.22)	(155.08)
Proceeds from sale of fixed assets	7.12	1.55
Acquisition of businesses	(169.40)	(169.65)
Stamp duty on assets towards business acquisition	-	(20.24)
Purchase of shares in subsidiary	(1.85)	(33.98)
Proceed from sale / maturity of investments	0.08	0.08
Interest received	5.50	16.32
Investment in deposits (with maturity more than three months)	0.20	(0.16)
Net cash flow from / (used in) investing activities	(339.57)	(361.16)
C. Cash flow from financing activities		
Proceeds from short-term borrowings	21,923.68	5,767.09
Repayment of short-term borrowings	(21,596.00)	(5,767.09)
Interest paid	(43.21)	(30.68)
Dividend (including dividend distribution tax) paid	(73.99)	(49.26)
Net cash flow from / (used in) financing activities	210.48	(79.94)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(173.29)	(321.10)
Cash and cash equivalents (opening balance)	258.61	579.71
Cash and cash equivalents (closing balance)	85.32	258.61
Components of cash and cash equivalents as at December 31,	2012	2011
Cash and bank balances	86.84	259.95
Less: Unpaid dividend account	1.52	1.34
	85.32	258.61

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.

As per our report of even date

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

Per Navin Agrawal
Partner
Membership No.: 56102
Bengaluru, February 21, 2013

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

Bengaluru, February 21, 2013

Notes to the Consolidated Financial Statements

1. Significant accounting policies

1.1 Basis of preparation of consolidated financial statements

The consolidated 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. The consolidated 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 by the Group, except for the change in accounting policy discussed more fully below, and are consistent with those used in the previous year.

1.2 Principles of consolidation

The consolidated financial statements include the financial statements of ABB Limited, India ('the Company') / ('the parent company') and its' 100% subsidiary Baldor Electric India Private Limited, India ('the subsidiary company'). The Company and its' subsidiary constitute the ABB India Group ('the Group'). Baldor became a wholly owned subsidiary of the Company effective December 1, 2011.

Accounts of the subsidiary company had been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating all intra-group balances and unrealized profits or losses on intra group transactions.

The consolidated financial statements have been prepared using uniform accounting for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

The financial statements of the subsidiary company used for the purpose of consolidation are drawn up to same reporting date as that of the parent company.

The excess of cost of the parent company of its' investment in the subsidiary over its' portion of equity in the subsidiary, on the date of investment is recognized in the financial statements as goodwill. The parent company's portion of equity in such subsidiary is determined on the basis of book values of assets and liabilities as per the financial statement of the subsidiary as on the date of investment.

1.3 Change in accounting policies

During the year ended December 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Group, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Group has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

During the year ended December 31, 2012, the Group has decided to discontinue accounting for changes in fair value of embedded derivative contracts, to better present the operating performance of the Group and to align its accounting in line with the policy followed by other peer group companies. Consequent to such change in accounting policy, profit before tax for the current year ended December 31, 2012 is lower by **Rs 1.85 Crore**.

1.4 Use of estimates

The preparation of consolidated 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.

1.5 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 derecognition 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.

Assets acquired under finance lease are capitalized at the lower of their fair value and the present value of the minimum lease payments.

1.6 Depreciation / amortisation

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 / amortised 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 a period of six years.
- Capitalized software costs over a period of five years.

Goodwill on business acquisition and arising on consolidation is not amortised but tested for impairment.

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

Assets under finance lease are depreciated over the lower of the lease term or the useful life of the asset unless there is reasonable certainty that the Group will obtain ownership, wherein such assets are depreciated on the straight-line method at the rates prescribed in Schedule XIV of the Companies Act, 1956.

1.7 Impairment of assets

The carrying amount 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.

1.8 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.

1.9 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.

1.10 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 utilized within the next 12 months, is treated as short-term employee benefit. The Group 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 Group 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.

1.11 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 Group.
- 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.

1.12 Provisions, contingent liabilities and contingent assets

A provision is recognized when the Group 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 estimates 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.

1.13 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 Group policy.

1.14 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 Group 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 forecasted transactions are recognized in the statement of profit and loss for the year in which it occurs.

The Group does not follow hedge accounting.

1.15 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.

1.16 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.

1.17 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.

	2012		2011	
	Number	Rs in Crores	Number	Rs in Crores
2 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, 2012, the amount of per share dividend recognised as distributions to equity shareholders was Rs 3/- (December 31, 2011 : Rs 3/-)

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	14,63,90,952	29.28	14,63,90,952	29.28
ABB Norden Holdings AB - a fellow subsidiary	1,25,40,330	2.51	1,25,40,330	2.51
	15,89,31,282	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	14,63,90,952	69.08	14,63,90,952	69.08
ABB Norden Holdings AB - a fellow subsidiary	1,25,40,330	5.92	1,25,40,330	5.92
Life Insurance Corporation of India	2,01,96,092	9.53	2,01,34,827	9.50

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)

	2012	2011
3 Reserves and surplus		
Capital reserve	1.10	1.10
Capital redemption reserve	7.50	7.50
Securities premium account	59.40	59.40
General reserve		
Balance as per last financial statements	2,338.63	2,258.63
Add : Transferred from surplus in the statement of profit and loss	64.00	80.00
Balance at the end of the year	2,402.63	2,338.63
Surplus in the statement of profit and loss		
Balance as per last financial statements	85.57	54.69
Profit for the year	140.94	184.71
Less: Appropriations		
Proposed equity dividend	63.57	63.57
Proposed preference dividend	-	0.09
Tax on proposed dividend	10.31	10.33
Dividend distribution tax reversal for earlier year	-	(0.16)
Transfer to general reserve	64.00	80.00
Total appropriations	137.88	153.83
Net surplus in the statement of profit and loss	88.63	85.57
Total reserves and surplus	2,559.26	2,492.20

(Rs in Crores)

	Current	
	2012	2011
4 Trade payables		
Acceptances	488.21	381.22
Dues to micro and small enterprises (refer note below)	102.43	115.35
Other trade payables	1,338.62	1,489.99
	1,929.26	1,986.56
The Group has amounts dues to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at December 31, 2012		
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at December 31, 2012		
Principal amount	102.37	115.32
Interest	0.06	0.02
ii) The amount of interest paid by the Group along with the amounts of the payment made to the supplier beyond the appointed day for the year ending December 31, 2012		
Principal amount	202.69	50.62
Interest	1.65	0.71
iii) The amount of interest due and payable for the period of delay in making payment (beyond the appointed day during the year)	-	0.01
iv) The amount of interest accrued and remaining unpaid for the year ending December 31, 2012	0.06	0.03
v) The amount of further interest remaining due and payable for the earlier years	-	-

(Rs in Crores)

	Non-current		Current	
	2012	2011	2012	2011
5 Other liabilities				
Consideration payable for the businesses acquired (refer note 35)	-	-	60.95	230.35
Investor education and protection fund shall be credited for unclaimed dividends amount when due	-	-	1.52	1.34
Billing in excess of contract revenue	-	-	272.33	305.06
Advances from customers	-	-	804.25	735.57
Employee related payables	-	-	48.47	73.95
Security deposit received	3.89	3.30	0.26	1.34
Statutory dues payable	-	-	15.47	11.75
Other payables	-	-	191.62	199.64
	3.89	3.30	1,394.87	1,559.00

(Rs in Crores)

	Long-term		Short-term	
	2012	2011	2012	2011
6 Provisions				
Provisions for employee benefits				
Gratuity (refer note 42)	-	-	6.44	6.10
Provident fund (refer note 42)	-	-	1.25	4.71
Leave benefits	-	-	18.76	9.36
Other provisions				
Proposed dividend to equity shareholders	-	-	63.57	63.57
Proposed preference dividend by subsidiary	-	-	-	0.09
Tax on proposed Dividend	-	-	10.31	10.33
Warranties (refer note 37)	-	-	108.41	100.83
Litigations (refer note 37)	5.71	5.71	-	-
Sales tax (refer note 37)	-	-	32.62	32.96
	5.71	5.71	241.36	227.95

7 Tangible assets

(Rs in Crores)											
Gross block	Freehold Land	Leasehold Land	Leasehold Improvements	Factory Buildings	Other Buildings	Residential Quarters	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
Balance as at January 01, 2011	25.90	13.90	20.35	221.49	51.43	0.76	553.95	23.21	41.45	1.96	954.40
Additions	41.39	9.53	0.30	54.01	8.10	-	242.79	2.99	5.32	0.80	365.23
Addition on acquisition of subsidiary	-	-	-	-	-	-	0.45	-	0.10	-	0.55
Disposals	-	-	(0.03)	(0.02)	(0.01)	-	(16.15)	(0.12)	(0.16)	(0.63)	(17.12)
Balance as at December 31, 2011	67.29	23.43	20.62	275.48	59.52	0.76	781.04	26.08	46.71	2.13	1,303.06
Additions	-	-	3.72	13.78	2.90	-	107.04	2.08	2.89	-	132.41
Disposals	-	-	(0.12)	(1.82)	-	(0.54)	(4.63)	(0.30)	(0.79)	(0.01)	(8.21)
Balance as at December 31, 2012	67.29	23.43	24.22	287.44	62.42	0.22	883.45	27.86	48.81	2.12	1,427.26
Accumulated depreciation											
Balance as at January 01, 2011	-	0.63	5.86	26.61	4.41	0.29	161.16	7.02	10.60	1.26	217.84
Charge for the year	-	0.24	1.69	8.48	1.29	0.01	50.27	1.49	2.68	0.32	66.47
On acquisition of subsidiary	-	-	-	-	-	-	0.15	-	0.02	-	0.17
Reversal on disposal of assets	-	-	(0.01)	-	(0.01)	-	(11.28)	(0.09)	(0.07)	(0.58)	(12.04)
Balance as at December 31, 2011	-	0.87	7.54	35.09	5.69	0.30	200.30	8.42	13.23	1.00	272.44
Charge for the year	-	0.33	2.17	9.41	1.92	0.01	59.72	2.01	3.13	0.36	79.06
Reversal on disposal of assets	-	-	(0.07)	(0.18)	-	(0.11)	(1.90)	(0.15)	(0.23)	(0.01)	(2.65)
Balance as at December 31, 2012	-	1.20	9.64	44.32	7.61	0.20	258.12	10.28	16.13	1.35	348.85
Net block											
Balance as at December 31, 2011	67.29	22.56	13.08	240.39	53.83	0.46	580.74	17.66	33.48	1.13	1,030.62
Balance as at December 31, 2012	67.29	22.23	14.58	243.12	54.81	0.02	625.33	17.58	32.68	0.77	1,078.41

Notes:

1. Residential Quarters include cost of shares in Lotus Court Private Limited **Rs 0.01 Crores** (December 31, 2011 - Rs 0.01 Crores).
2. Certain land and building amounting to **Rs 22.58 Crores** (December 31, 2011 - Rs 36.17 Crores) is in the process of being registered in the name of the Company.
3. There are no tangible assets given on operating lease.

8 Intangible assets

(Rs in Crores)

Gross block	Goodwill	Goodwill on consolidation	Technical Know-how Fees	Capitalised Software	Total
Balance as at January 01, 2011	5.84	-	28.82	8.78	43.44
Additions	46.42	-	74.36	0.94	121.72
Addition on acquisition of subsidiary	-	26.10	-	-	26.10
Disposals	-	-	(4.10)	(1.62)	(5.72)
Balance as at December 31, 2011	52.26	26.10	99.08	8.10	185.54
Additions	-	-	4.71	1.52	6.23
Disposals	-	-	(3.69)	(3.03)	(6.72)
Balance as at December 31, 2012	52.26	26.10	100.10	6.59	185.05
Accumulated amortisation					
Balance as at January 01, 2011	0.29	-	8.40	5.23	13.92
Charge for the year	-	-	11.53	1.55	13.08
Reversal on disposal of assets	-	-	(4.10)	(1.62)	(5.72)
Balance as at December 31, 2011	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
Net block					
Balance as at December 31, 2011	51.97	26.10	83.25	2.94	164.26
Balance as at December 31, 2012	51.97	26.10	74.08	3.23	155.38

(Rs in Crores)

	Non-current		Current	
	2012	2011	2012	2011
9 Investments				
Other investments (valued at cost)				
Quoted:-				
15,00,000 (December 31, 2011: 15,00,000) 6.25%, 2018 Government of India Bonds of Rs 100 each.	15.96	15.96	-	-
Unquoted:-				
1,000 (December 31, 2011: 1,000) Equity shares of Rs 25 each fully paid up in Co-operative Bank of Baroda	0.01	0.01	-	-
10 (December 31, 2011: 10) 5.95%, 15 years Non-cumulative bonds of Karnataka Water & Sanitation Pooled Fund Trust of Rs 666,667 (December 31, 2011: Rs 750,000) each.	0.59	0.67	0.08	0.08
	16.56	16.64	0.08	0.08

(Rs in Crores)

	2012	2011
10 Deferred tax assets (net)		
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	109.91	83.30
Gross deferred tax liability	109.91	83.30
Deferred tax assets		
Provision for doubtful debts and advances	115.15	97.84
Expenditure debited to the statement of profit and loss but allowable for tax purpose in following years	5.65	3.89
Others	4.10	4.08
Gross deferred tax assets	124.90	105.81
Deferred tax assets (net)	14.99	22.51

	Non-current		Current	
	2012	2011	2012	2011
11 Loans and advances				
Capital advances				
Unsecured, considered good	20.96	9.49	-	-
	20.96	9.49	-	-
Security deposits				
Unsecured, considered good	24.42	22.89	8.87	8.09
Considered doubtful	0.23	0.22	-	-
	24.65	23.11	8.87	8.09
Less: Provision for doubtful deposits	0.23	0.22	-	-
	24.42	22.89	8.87	8.09
Advances to related parties (refer note 35)				
Unsecured, considered good	-	-	12.35	2.45
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	46.29	48.11
Considered doubtful	4.36	2.68	-	-
	4.36	2.68	46.29	48.11
Less: Provision for doubtful advances	4.36	2.68	-	-
	-	-	46.29	48.11
Other loans and advances				
Unsecured, considered good				
Advance income-tax (net of provision)	90.07	52.80	-	-
Prepaid expenses	-	-	6.13	7.35
Loans to employees	-	-	5.36	4.75
Taxes and duties recoverable	95.80	79.09	96.77	50.91
Balances with statutory / government authorities	-	-	54.74	80.22
	185.87	131.89	163.00	143.23
Total loans and advances	231.25	164.27	230.51	201.88
Taxes and duties recoverable includes amount paid under protest.				
12 Other assets				
Unsecured, considered good unless stated otherwise				
Non current bank balances (refer note 15)	8.97	9.17	-	-
Contract revenue in excess of billing / unbilled revenue	-	-	307.80	320.39
Interest accrued on fixed deposits	-	-	0.36	0.16
Interest accrued on investments	-	-	0.49	0.49
Mark to market gain on derivatives	-	-	7.03	2.65
Other receivables	-	-	34.54	18.74
	8.97	9.17	350.22	342.43

(Rs in Crores)

	2012	2011
13 Inventories (valued at lower of cost or net realisable value)		
Raw materials and components (including goods-in-transit of Rs 66.01 Crores , December 31, 2011: Rs 66.44 Crores) (refer note 18)	531.18	537.00
Work-in-progress (refer note 20)	282.97	273.73
Finished goods (refer note 20)	102.36	110.96
Traded goods (refer note 20)	14.54	15.12
Stores and spares	2.32	2.34
	933.37	939.15

(Rs in Crores)

	Non-current		Current	
	2012	2011	2012	2011
14 Trade receivables				
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	116.86	73.86
Considered doubtful	240.59	208.24	-	-
	240.59	208.24	116.86	73.86
Less : Provision for doubtful receivables	240.59	208.24	-	-
(A)	-	-	116.86	73.86
Other receivables				
Unsecured, considered good	-	-	3,163.96	3,019.70
Considered doubtful	-	-	109.74	90.44
	-	-	3,273.70	3,110.14
Less : Provision for doubtful receivables	-	-	109.74	90.44
(B)	-	-	3,163.96	3,019.70
Total (A + B)	-	-	3,280.82	3,093.56
15 Cash and bank balances				
Cash and cash equivalents				
Balances with banks				
- On current accounts	-	-	12.90	126.31
- Deposit accounts (maturity upto 3 months)	-	-	4.94	60.00
Cheques / drafts on hand	-	-	67.47	72.29
Cash on hand	-	-	0.01	0.01
	-	-	85.32	258.61
Other bank balances				
Unpaid dividend account	-	-	1.52	1.34
Margin money deposit (refer note 12)	8.97	9.17	-	-
	8.97	9.17	1.52	1.34
Total	8.97	9.17	86.84	259.95

(Rs in Crores)

	2012	2011
16 Revenue from operations (net)		
Sale of products and services		
Sale of products	7,050.98	6,922.16
Sale of services	462.70	450.57
	7,513.68	7,372.73
Other operating revenues		
Scrap sales	24.30	23.89
Commission income	6.28	4.12
Income from development services	42.33	30.44
Miscellaneous income	23.89	20.61
	96.80	79.06
Revenue from operations (net)	7,610.48	7,451.79
Detail of sale of products and services		
(i) Sale of products		
Switchgear of all types	1,667.66	1,682.41
Transformers	506.57	680.51
Electronic control and supply units for variable speed drives and other applications	799.08	738.94
Motors and other machines	631.82	652.98
Others	3,445.85	3,167.32
	7,050.98	6,922.16
(ii) Sale of services		
Erection, commissioning and other engineering services	462.70	450.57
	462.70	450.57
	7,513.68	7,372.73
The above includes revenue from construction contracts (refer note 34)		
17 Other income		
Interest income from deposits with bank	1.43	5.92
Interest income from long-term investments	0.98	0.99
Interest income - others	3.29	9.28
Exchange rate difference - gain (net)	-	24.96
Profit on sale of assets	1.56	-
	7.26	41.15

(Rs in Crores)

	2012	2011
18 Cost of raw materials and components consumed and project bought outs		
Opening stock	537.00	395.64
Add : Purchases during the year	4,679.86	4,866.44
Less : Closing stock	531.18	537.00
	4,685.68	4,725.08
Details of raw materials and components consumed and project bought outs		
Electrical motors, generators, drives, components and equipments	779.02	799.83
Protecting and control elements	388.39	455.28
Sheet metal components, casting and forgings	262.78	219.59
Non-ferrous metals and alloys	259.77	253.84
Power converters	251.67	275.12
Electronic components and equipments	211.74	254.20
Wires, cables and conductors	210.52	228.89
Ferrous metals and alloys	163.56	121.60
Others	2,158.23	2,116.73
	4,685.68	4,725.08
The above amounts include project bought outs of Rs 1,541.05 Crores (December 31, 2011 - Rs 1,659.85 Crores)		
Details of inventory		
Raw materials and components		
Electrical motors, generators, drives, components and equipments	110.85	73.75
Protecting and control elements	94.06	64.41
Electronic components and equipments	65.17	37.92
Mechanical components	34.74	9.41
Power convertors	33.19	16.67
Non ferrous metal and alloys	29.26	24.57
Others	163.91	310.27
	531.18	537.00
19 Purchases of traded goods		
Motors and other machines	96.01	117.20
Transformers	5.60	38.01
Switchgears	4.12	7.92
Power invertors	12.46	15.79
Others	176.38	143.26
	294.57	322.18

(Rs in Crores)

	2012	2011
20 (Increase) / decrease in inventories of finished goods, work-in-progress and traded goods		
Opening stock		
- Finished goods	110.96	72.57
- Work-in-progress	273.73	227.90
- Traded goods	15.12	14.33
	399.81	314.80
Closing stock		
- Finished goods	102.36	110.96
- Work-in-progress	282.97	273.73
- Traded goods	14.54	15.12
	399.87	399.81
	(0.06)	(85.01)
Details of inventory of finished goods, work-in-progress and traded goods		
Finished Goods		
Motors and other machines	26.25	32.25
LV switchgear products	19.85	16.89
Transformers	15.74	17.77
MV switchgears	8.45	11.88
Others	32.07	32.17
	102.36	110.96
Work-in-progress		
Transformers	95.18	83.65
MV switchgears	12.82	24.45
Motors and other machines	17.57	16.83
Variable speed AC / DC drive system and other applications	18.94	19.58
LV switchgear products	11.36	9.23
Others	127.10	119.99
	282.97	273.73
Traded goods		
Motors and other machines	7.93	8.34
Others	6.61	6.78
	14.54	15.12
21 Employee benefit expenses		
Salaries, wages and bonus	531.38	492.86
Gratuity	14.84	9.68
Provident fund	13.96	17.00
Contribution to superannuation and other funds	21.37	24.25
Staff welfare expenses	25.64	24.06
Training, recruitment and transfer expenses	16.77	19.36
	623.96	587.21
22 Finance costs		
Interest expenses	37.56	28.23
Bill discounting and other charges	5.68	2.45
	43.24	30.68
23 Depreciation and amortisation expense		
Depreciation of tangible assets	79.06	66.47
Amortisation of intangible assets	15.11	13.08
	94.17	79.55

(Rs in Crores)

	2012	2011
24 Other expenses		
Consumption of stores and spares	27.17	26.90
Packing expenses	25.22	23.75
Royalty and technology fees	190.78	168.37
Freight and forwarding	94.66	74.04
Postage and telephone	9.32	10.25
Commission (other than sole selling agent)	7.45	5.74
Discount	2.53	2.41
Power and fuel	51.20	46.25
Travelling and conveyance	109.73	110.07
Insurance	13.06	12.34
Rates and taxes	9.50	29.78
Rent	37.76	29.58
Repairs :		
Buildings	3.92	4.00
Plant and machinery	21.36	28.10
Others	4.33	4.44
Provision for doubtful debts and advances	53.42	90.42
Bad debts / advances written off	7.33	9.34
Loss on sale of fixed assets (net)	-	3.53
Printing and stationery	6.06	6.02
Bank charges	13.77	15.72
Legal and professional	21.82	22.17
Payments to auditor (refer note below)	2.41	2.44
Trade-mark fees	58.37	57.80
Information technology expenses	98.87	89.54
Exchange rate difference - loss (net)	47.58	-
Director's fees and commission	0.35	0.16
Services from third parties	62.82	76.76
Testing and inspection charges	23.07	20.44
Miscellaneous	181.55	160.23
	1,185.41	1,130.59
Payments to Auditor (excluding service tax)		
As auditor:		
Audit fee	1.04	1.04
Tax audit fee	0.27	0.32
Limited review	0.39	0.39
In other capacity:		
SOX and group reporting fees	0.50	0.50
Certifications	0.08	0.06
Others	0.08	0.06
Reimbursement of expenses	0.05	0.07
	2.41	2.44
25 Earning per share (EPS)		
a) Net profit / (loss) for calculation of basic and diluted EPS	140.94	184.71
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

26 Proposed amalgamation

The Board of Directors have approved the amalgamation of Baldor Electric India Private Limited, Pune (a 100% subsidiary of ABB Limited) with the Company on September 26, 2012. The amalgamation scheme was filed with the Honourable High Court of Bombay on November 27, 2012. In terms of the scheme appointed date proposed is April 1, 2012. Pending approval of the scheme by the High Court, no effects of the amalgamation has been recognized in the financial statements.

27 Acquisition

- a) During the previous year the Company has acquired with effect from April 1, 2011 three businesses; (a) Transformer Insulation - Boards and Components, (b) Low Voltage Breakers and Switches and (c) Vacuum Interrupters from M/s. ABB Global Industries and Services Limited, for an aggregate consideration of Rs 400.00 crores on a slump sale basis. Net Assets acquired was Rs 353.58 crores and goodwill capitalized on acquisition was Rs 46.42 crores.
- b) During the previous year the Company has acquired 100% equity shares of Baldor Electric India Private Limited, Pune (Baldor) from Baldor Holdings Inc., USA and Baldor Electric Switzerland AG, Switzerland, for a total consideration of Rs 33.90 crores. Baldor became a wholly owned subsidiary of the Company effective December 1, 2011.

28 Segment reporting

A) Primary segment reporting (by business segments)

i) Composition of business segments

The Group's business segments are organized around products and system solutions provided to its customers, which include utilities, industries, channel partners and original equipment manufacturers.

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

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

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

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

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

- ii) The accounting policies used in the preparation of the financial statements of the Group 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 Group.
- 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)	2,203.42 (2,325.87)	1,739.55 (1,640.06)	1,325.23 (1,277.90)	1,679.29 (1,629.58)	540.17 (474.69)	7,487.66 (7,348.10)
Inter segment sales	30.58 (28.00)	287.36 (318.07)	28.02 (35.06)	132.66 (164.66)	69.21 (59.73)	547.83 (605.52)
Other operating revenue	8.16 (8.51)	58.39 (42.65)	3.38 (8.94)	8.79 (7.90)	8.00 (5.46)	86.72 (73.46)
Segment revenues	2,242.16 (2,362.38)	2,085.30 (2,000.78)	1,356.63 (1,321.90)	1,820.74 (1,802.14)	617.38 (539.88)	8,122.21 (8,027.08)
Segment results	-14.54 (-0.83)	138.44 (99.83)	-15.23 (37.68)	200.86 (206.89)	39.55 (34.14)	349.08 (377.71)
Segment assets	1,791.43 (1,724.71)	1,586.73 (1,501.25)	1,101.29 (1,022.44)	895.37 (881.66)	403.03 (354.78)	5,777.85 (5,484.84)
Segment liabilities	1,288.92 (1,283.01)	718.32 (821.99)	658.76 (662.08)	613.51 (637.40)	149.80 (153.37)	3,429.31 (3,557.85)
Capital expenditure	2.91 (6.65)	80.05 (316.56)	3.44 (5.52)	27.48 (11.46)	14.92 (87.28)	128.80 (427.47)
Depreciation / amortisation	1.41 (1.37)	44.13 (37.97)	2.60 (2.85)	14.13 (14.95)	12.58 (9.20)	74.85 (66.34)

vii) Reconciliation of reportable segments with the financial statements

(Rs in Crores)

	Revenues	Results / Net profit	Capital expenditure	Assets	Liabilities
Total segments	8,122.21 (8,027.08)	349.08 (377.71)	128.80 (424.59)	5,777.85 (5,484.84)	3,429.31 (3,557.85)
Corporate - unallocated (net)	43.36 (71.38)	-94.41 (-79.04)	52.42 (88.57)	726.56 (834.11)	473.46 (224.67)
Inter segment sales	-547.83 (-605.52)	- (-)	- (-)	- (-)	- (-)
Interest expense	- (-)	-43.24 (-30.68)	- (-)	- (-)	- (-)
Provision for tax	- (-)	-70.49 (-83.28)	- (-)	- (-)	- (-)
As per financial statements	7,617.74 (7,492.94)	140.94 (184.71)	181.22 (513.16)	6,504.41 (6,318.95)	3,902.77 (3,782.52)

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	6,622.45	995.29	7,617.74
	(6,579.22)	(913.72)	(7,492.94)
Segment assets	5,996.62	507.79	6,504.41
	(5,945.10)	(373.85)	(6,318.95)
Segment capital expenditure	181.22	-	181.22
	(513.12)	(0.04)	(513.16)

(Rs in Crores)		
As at December 31,	2012	2011
29 Contingent liabilities		
i) Excise duty / service tax and sales tax liabilities in dispute	364.68	420.26
ii) Custom duty liabilities in dispute	2.02	3.83
iii) Claims against the Group not acknowledged as debts	8.85	8.85
iv) Income tax matters in dispute	254.13	19.30

The Group 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 Group's financial position.

(Rs in Crores)		
	2012	2011
30 Estimated amount of contracts remaining to be executed on account of capital and other commitments and not provided for (net of advances)	128.34	86.20

31 The Group 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 37.76 crores** (Previous Year Rs 29.58 crores).

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

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

(Rs in Crores)		
	2012	2011
Within one year	4.05	4.37
After one year but not more than five years	10.05	8.50
More than five years	1.20	3.44
	15.30	16.31

32 Research and development expenditure of **Rs 8.56 crores** (Previous Year Rs 0.40 crores) on revenue account has been incurred during the year.

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

34 Construction Contracts

	(Rs in Crores)	
	2012	2011
Contract revenue recognized for the year ended December 31, 2012	2,839.09	3,104.32
Aggregate amount of contract costs incurred and recognized profits (less recognized losses) up to December 31, 2012 for all the contracts in progress	13,234.32	11,217.65
The amount of customer advances outstanding for contracts in progress as at December 31, 2012	651.12	453.84
The amount of retentions due from customers for contracts in progress as at December 31, 2012	1,132.50	1,044.93
The amount due from customers for contracts in progress as at December 31, 2012	863.97	874.20

35 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 Pvt. Ltd., Pune, India (with effect from December 1, 2011)

Fellow subsidiaries:

ABB (Asea Brown Boveri), S.A., Paco de Arcos, Portugal	ABB France, Les Ulis, France
ABB (China) Ltd., Beijing, China	ABB FZ-LLC, Dubai, United Arab Emirates
ABB (Hong Kong) Ltd., Hong Kong, China	ABB Genway Xiamen Electrical Equipment Co. Ltd., Xiamen, China
ABB (Pty) Ltd., Gaborone, Botswana	ABB Global Industries and Services Limited, Bengaluru, India
ABB A/S, Skovlunde, Denmark	ABB Global Marketing FZ LLC, Dubai, United Arab Emirates
ABB AB, Västerås, Sweden	ABB Group Accounting Services B.V., Rotterdam, Netherlands
ABB AG, Mannheim, Germany	ABB High Voltage Switchgear (Xiamen) Company Ltd., Xiamen, China
ABB AG, Vienna, Austria	ABB High Voltage Switchgear Co. Ltd., Beijing, China
ABB AS, Billingstad, Norway	ABB Holdings Sdn. Bhd., Subang Jaya, Malaysia
ABB AS, Jüri, Estonia	ABB Import & Export Services Ltd., Oranjestad, Aruba
ABB Australia Pty Limited, Sydney, Australia	ABB Inc., Cary, NC, United States
ABB Automation Co. Ltd., Riyadh, Saudi Arabia	ABB Inc., St. Laurent, Quebec, Canada
ABB Automation EOOD, Rakovski, Bulgaria	ABB Industries (L.L.C.), Dubai, United Arab Emirates
ABB Automation GmbH, Mannheim, Germany	ABB Industries FZ, Dubai, United Arab Emirates
ABB Automation L.L.C., Abu Dhabi, United Arab Emirates	ABB Information Systems Ltd., Zurich, Switzerland
ABB Automation Products GmbH, Ladenburg, Germany	ABB International Marketing Ltd., Zurich, Switzerland
ABB Bailey Beijing Engineering Co. Ltd., Beijing, China	ABB Intra AG, Zurich, Switzerland
ABB Bailey Japan Limited, Shizuoka-Ken, Japan	ABB Jiangjin Turbo Systems Company Limited, Chongqing, China
ABB Beijing Drive Systems Co. Ltd., Beijing, China	ABB K.K., Tokyo, Japan
ABB BV, Rotterdam, Netherlands	ABB Limited, Auckland, New Zealand
ABB Capital, B.V., Amsterdam, Netherlands	ABB Limited, Bangkok, Thailand
ABB Chongqing Transformer Company Ltd., Chongqing, China	ABB Limited, Dar Es Salaam, Tanzania, United Republic
ABB CL Logistic S.A., Montevideo, Uruguay	ABB Limited, Dhaka, Bangladesh
ABB Contracting Company Ltd., Riyadh, Saudi Arabia	ABB Limited, Nairobi, Kenya
ABB d.o.o., Belgrade, Serbia	ABB Limited, Warrington, United Kingdom
ABB D.o.o., Ljubljana, Slovenia	ABB Limited / Jordan LLC., Amman, Jordan
ABB Ecuador S.A., Quito, Ecuador	ABB LLC, Muscat, Oman
ABB Electrical Industries (ABB ARAB) S.A.E., Cairo, Egypt	ABB LLP, Almaty, Kazakhstan
ABB Electrical Industries Ltd., Riyadh, Saudi Arabia	ABB Ltd., Dublin, Ireland
ABB Electrical Machines Ltd., Shanghai, China	ABB Ltd., Hanoi, Vietnam
ABB Elektrik Sanayi A.S., Istanbul, Turkey	ABB Ltd., Kampala, Uganda
ABB Engg. Technologies Co. (KSCC), Safat, Kuwait	ABB Ltd., Kiev, Ukraine
ABB Engineering (Shanghai) Ltd., Shanghai, China	ABB Ltd., Lusaka, Zambia
ABB Engineering Trading and Service Ltd., Budapest, Hungary	ABB Ltd., Moscow, Russian Federation
ABB Equity Limited, St. Peter's Port, Guernsey	ABB Ltd., Seoul, South Korea
ABB ESAP Limited, St. Peter's Port, Guernsey	ABB Ltd., Taipei, Taiwan, Province Of China

ABB Technology Ltd., Zurich, Switzerland
 ABB Technology SA, Abidjan, Cote D'Ivoire
 ABB Transformers S.A.E., El-Nozha El-Gedida, Egypt
 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
 ABB Qatar LLC., Doha, Qatar
 ABB Research Ltd., Zurich, Switzerland
 ABB S.A., Buenos Aires, Argentina
 ABB S.A., Casablanca, Morocco
 ABB S.A., Les Ulis, France
 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 Service Co. Ltd., Al Khobar, Saudi Arabia
 ABB Shanghai Motors Co. Ltd., Shanghai, China
 ABB Shanghai Transformer Co. Ltd., Shanghai, China
 ABB Sp. zo.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
 ABB Transmission & Distribution Ltd., Abu Dhabi, United Arab Emirates
 ABB Turbo Systems (Hong Kong) Limited, 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, 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 Australia Pty Limited, Seven Hills, NSW, Australia
 Baldor Electric (Asia) Pte Ltd., Singapore
 Baldor Electric Company de Mexico SA de CV, El Salto, Jalisco, Mexico
 Baldor Electric Company, Fort Smith, AR, United States
 Baldor Electric India Pvt. Ltd., Pune, India (upto November 30, 2011)
 Baldor Electric (Shanghai) Company Ltd., Shanghai, China
 Baldor Electric Switzerland AG, Feuerthalen, Switzerland
 Baldor Holdings Inc, Boreham, USA
 Baldor UK Ltd., Bristol, England, United Kingdom
 Busch-Jaeger Elektro GmbH, Mannheim/Lüdenscheid, Germany
 Electrical Materials Center, Riyadh, Saudi Arabia
 K-Tek Level Engineering Pvt. Ltd., Navi Mumbai, India
 Maska Power Transmission (Changzhou) Co.Ltd., Changzhou, China
 PT ABB Sakti Industri, Jakarta, Indonesia
 Pucaro Elektro-Isolierstoffe GmbH, Roigheim, Germany
 Shantou Winride Switchgear Co., Ltd., Longhu District Shantou, China
 Turbo Systems United Co. Ltd., Tokyo, Japan

Key management personnel :

Managing director:

Mr. Bazmi R. Husain

Chief financial officer:

Mr. Amlan Datta Majumdar

(Rs in Crores)		
As at December 31,	2012	2011
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	1.65	-
Fellow Subsidiaries		
- ABB AB, Västerås, Sweden	50.81	32.32
- PT ABB Sakti Industri, Jakarta, Indonesia	44.36	25.19
- ABB Oy, Helsinki, Finland	28.85	80.55
- Other fellow subsidiaries	602.70	477.06
	726.72	615.12

(Rs in Crores)

As at December 31,	2012	2011
ii) Purchases of raw materials, components, project items and traded goods		
Fellow Subsidiaries		
- ABB Oy, Helsinki, Finland	329.52	350.05
- ABB Schweiz AG, Baden, Switzerland	259.33	195.01
- ABB AB, Västerås, Sweden	184.46	324.73
- Other fellow subsidiaries	738.65	685.19
	1,511.96	1,554.98
iii) Expenditure on ESAP charges		
Fellow Subsidiaries		
- ABB ESAP Limited, St. Peters' Port, Guernsey	0.20	0.11
iv) Expenditure on royalty, technology and trade-mark fees		
Holding Company	58.37	57.80
Fellow Subsidiaries		
- ABB Technology Ltd., Zurich, Switzerland	156.00	141.55
- Other fellow subsidiaries	22.56	17.08
	178.56	158.63
v) Expenditure on information technology, engineering, management and other services		
Holding Company	3.74	8.32
Fellow Subsidiaries		
- ABB Global Industries and Services Limited, Bengaluru, India	46.24	44.86
- ABB Information Systems Ltd., Zurich, Switzerland	39.86	32.74
- ABB Management Services Limited, Zurich, Switzerland	22.05	10.73
- Other fellow subsidiaries	83.33	51.41
	191.48	139.74
vi) Capital expenditure for technical know-how		
Fellow Subsidiaries		
- ABB AB, Västerås, Sweden	2.44	8.23
- ABB Oy, Helsinki, Finland	1.40	1.00
- ABB Ltda., Osasco, Brazil	1.38	-
- ABB Stotz-Kontakt GmbH, Heidelberg, Germany	1.01	-
- ABB S.p.A., Milan, Italy	-	1.25
- Other fellow subsidiaries	0.06	0.15
	6.29	10.63
vii) Other capital expenditure		
Fellow Subsidiaries		
- ABB Stotz-Kontakt GmbH, Heidelberg, Germany	2.28	5.43
- ABB Schweiz AG, Baden, Switzerland	0.96	0.01
- ABB Australia Pty Limited, Sydney, Australia	0.72	1.32
- ABB AB, Västerås, Sweden	0.44	2.00
- ABB Automation Products GmbH, Ladenburg, Germany	0.17	1.60
- Other fellow subsidiaries	0.89	0.70
	5.46	11.06
viii) Business acquisition / share purchase		
Fellow Subsidiaries		
- ABB Global Industries and Services Limited, Bengaluru, India	-	400.00
- Baldor Holdings Inc, Boreham, USA	1.85	33.89
- Baldor Electric Switzerland AG, Feuerthalen, Switzerland	-	0.01
	1.85	433.90

(Rs in Crores)

As at December 31,	2012	2011
ix) Sale of assets (net)		
Fellow Subsidiaries		
- ABB Limited, Dhaka, Bangladesh	3.84	-
x) Trade receivables		
Holding Company	0.08	-
Fellow Subsidiaries		
- ABB Contracting Company Ltd., Riyadh, Saudi Arabia	44.24	54.83
- ABB LLC, Muscat, Oman	11.16	26.49
- ABB AB, Västerås, Sweden	17.49	16.42
- Other fellow subsidiaries	152.57	136.42
	225.46	234.16
xi) Loans and advances and other receivables		
Fellow Subsidiaries		
- ABB Chongqing Transformer Company Ltd., Chongqing, China	4.77	-
- ABB AB, Västerås, Sweden	4.07	1.10
- ABB Schweiz AG, Baden, Switzerland	1.34	0.44
- ABB High Voltage Switchgear (Xiamen) Company Ltd., Xiamen, China	1.25	-
- ABB Oy, Helsinki, Finland	-	0.91
- Other fellow subsidiaries	0.92	-
	12.35	2.45
xii) Other Current assets		
Holding Company	0.52	0.66
Fellow Subsidiaries		
- ABB Technology Ltd., Zurich, Switzerland	10.70	5.57
- ABB AB, Västerås, Sweden	8.29	4.38
- ABB Limited, Dhaka, Bangladesh	3.84	-
- Other fellow subsidiaries	3.72	3.01
	26.55	12.96
xiii) Creditors for acquisition		
Fellow Subsidiaries		
- ABB Global Industries and Services Limited, Bengaluru, India	60.95	230.35
xiv) Trade payables		
Holding Company	7.30	8.50
Fellow Subsidiaries		
- ABB Oy, Helsinki, Finland	112.21	108.03
- ABB Schweiz AG, Baden, Switzerland	77.43	86.78
- ABB AB, Västerås, Sweden	59.40	100.31
- Other fellow subsidiaries	286.71	248.08
	535.75	543.20
xv) Other payables		
Holding Company	9.30	5.73
Fellow Subsidiaries		
- ABB Oy, Helsinki, Finland	3.20	-
- ABB S.p.A., Milan, Italy	1.57	-
- ABB AB, Västerås, Sweden	1.18	-
- ABB Technology Ltd., Zurich, Switzerland	-	9.39
- ABB Capital, B.V., Amsterdam, Netherlands	-	6.38
- ABB Inc., Cary, NC, United States	-	5.21
- Other fellow subsidiaries	4.51	14.07
	10.46	35.05

(Rs in Crores)		
As at December 31,	2012	2011
xvi) Dividend paid during the year		
Holding Company	43.92	29.28
Fellow Subsidiaries	3.76	2.51
xvii) Remuneration to managing director	2.60	2.30
xviii) Remuneration to chief financial officer	0.98	0.92

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.

36 Exchange rate variation - (gain) / loss (net) for the year includes gain on account of fair valuation of foreign exchange forward contracts for firm trade commitments amounting to **Rs 3.47 crores** (Previous Year gain of Rs 47.15 crores includes gain on firm trade commitments and embedded derivative contracts).

37 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, 2012	Additions	Amounts used	Unused amounts reversed	As at December 31, 2012
Warranties	100.83 (93.37)	84.90 (67.58)	48.76 (47.08)	28.56 (13.04)	108.41 (100.83)
Sales tax	32.96 (14.61)	1.56 (21.94)	1.90 (2.45)	- (1.16)	32.62 (32.94)
Litigations	5.71 (5.67)	- (0.21)	- (0.17)	- -	5.71 (5.71)
Restructuring	- (0.12)	- -	- -	- (0.12)	- -

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, 2012 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 materialize in respect of matters in litigation. The outflow would depend on the cessation of the respective events.

38 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 0.20 crores** (Previous Year Rs 0.11 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 above. Accordingly, the Company is of the opinion that there is no further accounting treatment / disclosure required under the said guidance note.

39 Derivative Instruments

- i) Forward cover for foreign currency trade receivables outstanding as of balance sheet date is **Rs 455.33 crores** (Previous Year Rs 297.80 crores).
- ii) Forward cover for expected future sales or highly probable forecast transaction as of balance sheet date is **Rs 208.86 crores** (Previous Year Rs 333.99 crores).
- iii) Forward cover for foreign currency trade payables outstanding as of balance sheet date is **Rs 673.78 crores** (Previous Year Rs 691.75 crores).
- iv) Forward cover for expected future purchases or highly probable forecast transaction as of balance sheet date is **Rs 501.59 crores** (Previous Year Rs 372.58 crores).
- v) Foreign currency exposure (net) that are not hedged by derivative instruments or otherwise is payable **Rs 83.31 crores** (Previous Year payable is Rs 83.57 crores).

- 40 Excise duty on sales amounting to **Rs 461.37 Crores** (December 31, 2011: Rs 323.29 Crores) has been reduced from sales in the statement of profit and loss. Excise duty on increase in inventory of finished goods amounting to **Rs 0.16 Crores** (December 31, 2011: Rs 3.63 Crores) has been accounted in the statement of profit and loss under the head "cost of raw material and components consumed and project bought outs".

41 Commodity Contracts

The Company uses commodity future contracts to hedge risk against fluctuation in commodity prices beginning January 1, 2012. The following are outstanding future contracts entered into by the Company as on December 31, 2012.

Year	Commodity	Number of contracts	Contractual quantity	Buy / Sell
2012	Copper	31 contracts - 29 contracts of 25 MTs each and 2 contracts of 50 MTs each	825 MTs	Buy

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

	2012		2011	
	Gratuity	Provident Fund	Gratuity	Provident Fund
i) Change in benefit obligations				
Projected benefit obligations at the beginning of the period	76.43	290.69	66.71	247.96
Acquired business	-	-	2.97	-
Current service cost	7.60	18.40	6.52	19.84
Contribution by plan participants (employees)		41.84	-	35.82
Interest cost	6.45	26.16	5.85	21.08
Benefits paid	(9.55)	(44.35)	(8.28)	(30.16)
Actuarial loss / (gain)	6.93	(8.01)	2.66	(3.85)
Projected benefit obligations (PBO) at the end of the period	87.86	324.73	76.43	290.69

(Rs in Crores)

		2012		2011		
		Gratuity	Provident Fund	Gratuity	Provident Fund	
ii) Change in plan assets						
Plan assets at the beginning of the period, at fair value		70.33	285.98	59.50	243.79	
Acquired business		-	-	2.64	-	
Contributions		14.50	58.99	11.13	52.26	
Expected return on plan assets		6.55	24.19	5.65	22.94	
Actuarial (loss) / gain		(0.41)	(1.33)	(0.30)	(2.85)	
Benefits paid		(9.55)	(44.35)	(8.29)	(30.16)	
Plan assets at the end of the period, at fair value		81.42	323.48	70.33	285.98	
iii) Actual return on plan assets						
Expected return on plan assets		6.55	24.19	5.65	22.94	
Actuarial (loss) / gain on plan assets		(0.41)	(1.33)	(0.30)	(2.85)	
Actual return on plan assets		6.14	22.86	5.35	20.09	
iv) Present value of the defined benefit obligation		87.86	324.73	76.43	290.69	
Plan assets at the end of the period, at fair value		81.42	323.48	70.33	285.98	
Liability recognized in the balance sheet		6.44	1.25	6.10	4.71	
v) Expense recognized in the statement of profit and loss						
Current service cost		7.60	18.40	6.52	19.84	
Interest cost		6.45	26.16	5.85	21.08	
Expected return on plan assets		(6.55)	(24.19)	(5.65)	(22.94)	
Actuarial loss / (gain)		7.34	(6.68)	2.96	(1.00)	
Expense recognized in the statement of profit and loss*		14.84	13.69	9.68	16.98	
* Excludes contribution to recognised provident fund						
vi) Investment Details (% invested)						
GOI securities		22.0	22.3	24.7	26.5	
State government securities		14.6	17.4	16.1	15.2	
PSU securities		24.4	40.5	29.9	37.9	
Special deposit scheme / Funds with LIC		34.3	6.8	19.0	7.8	
Policy of Insurance		0.2	-	0.4	-	
Others (including bank balances)		4.5	13.0	9.9	12.6	
		100.0	100.0	100.0	100.0	
vii) Assumptions						
Interest rate for discount - per annum		8.25%	8.25%	9.00%	9.00%	
Estimated rate of return on plan assets - per annum		9.00%	8.25%	9.00%	9.00%	
viii) Experience Adjustment	2012	2011	2010	2009	2008	
Gratuity						
Defined benefit obligation		87.86	76.43	66.71	57.56	52.03
Plan assets		81.42	70.33	59.50	54.10	49.19
Surplus / (deficit)		(6.44)	(6.10)	(7.21)	(3.46)	(2.84)
Experience adjustments on plan liabilities		2.43	5.38	4.30	0.82	5.13
Experience adjustments on plan assets		0.41	0.30	0.62	(0.10)	(0.28)
Provident Fund						
Defined benefit obligation		324.73	290.69	247.96	208.63	182.20
Plan assets		323.48	285.98	243.79	204.81	176.85
Surplus / (deficit)		(1.25)	(4.71)	(4.17)	(3.82)	(5.35)
Experience adjustments on plan liabilities		(8.05)	(3.76)	1.73	3.54	0.17
Experience adjustments on plan assets		1.33	2.85	(2.70)	0.11	(6.88)

Notes:

- i) **Gratuity Plan**
Gratuity is payable to all eligible employees of the Group as per the provisions of the Payment of Gratuity Act, 1972 or as per the Group's scheme, whichever is higher.
- ii) **Provident Fund Plan**
The Company manages provident fund plan through a provident fund trust for its employees which is permitted under the Provident Fund and Miscellaneous Provisions Act, 1952. The Contribution by employee and employer together with interest are payable at the time of separation from service or retirement whichever is earlier.
- iii) 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.
- iv) The Company expects to contribute **Rs 16.00 crores** (Previous Year Rs 10.60 crores) to gratuity fund and **Rs 15.00 crores** (Previous Year Rs 18.68 crores) to provident fund in 2013.
- v) The attrition rate for gratuity varies from 1% to 8% for various age groups.
- 43 The subsidiary company had issued 18,45,763 redeemable non-cumulative preference shares of Rs 10 each fully paid-up with redemption period not later than 10 years from the date of allotment to Baldor Holdings Inc., USA in the earlier years.

On September 7, 2012, the aforementioned preference shares were acquired by the Company from Baldor Holdings Inc., USA.

- 44 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.
Firm Registration Number: 301003E
Chartered Accountants

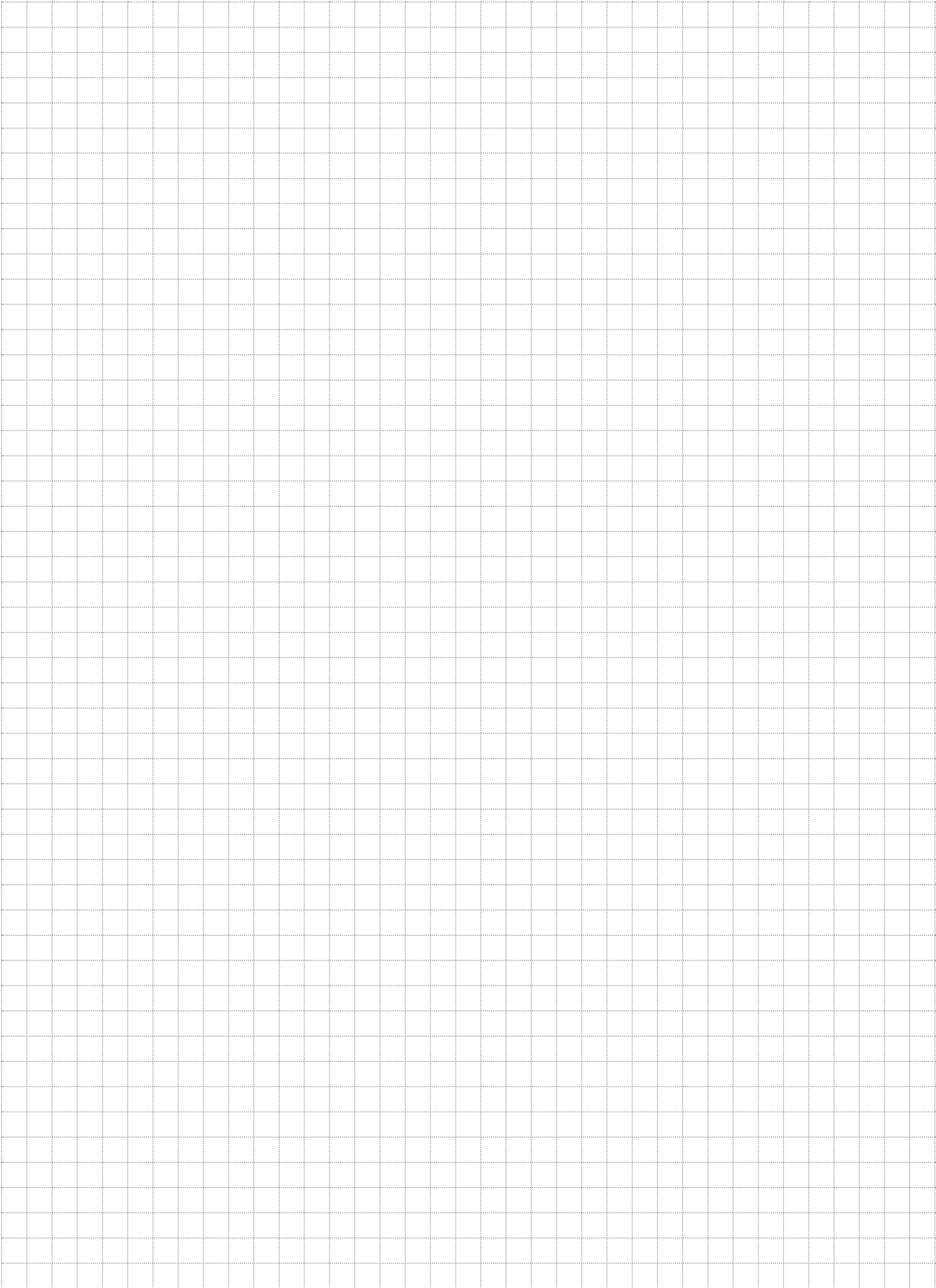
Per Navin Agrawal
Partner
Membership No.: 56102
Bengaluru, February 21, 2013

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

Bengaluru, February 21, 2013

Notes



**ATTENDANCE
SLIP****ABB 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.	
---------------------	--

No. of Shares	
---------------	--

NAME & ADDRESS OF THE REGISTERED SHAREHOLDER

I hereby record my presence at the **SIXTY THIRD ANNUAL GENERAL MEETING** of the Company at 'Trinity Hall' Vivanta by Taj - M G Road, 41/3 Mahatma Gandhi Road, Bengaluru – 560 001 on Thursday, May 9, 2013 at 11:00 a.m.

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 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 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 THIRD ANNUAL GENERAL MEETING** of the Company at 'Trinity Hall' Vivanta by Taj - M G Road, 41/3 Mahatma Gandhi Road, Bengaluru – 560 001 on Thursday, May 9, 2013 at 11:00 a.m. and at any adjournment thereof.

Signed thisday of.....2013.

DP ID	
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Client ID/Folio No.	
---------------------	--

No. of Shares	
---------------	--

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 Limited

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