



Annual General Meeting 2017

Chairman's statement

Statement by Mr. Frank Duggan, Chairman, ABB India Limited, at its 67th Annual General Meeting held at Bengaluru on May 9, 2017.

Ladies and gentlemen,

On behalf of the board of ABB India Limited, I am delighted to welcome you to the 67th Annual General Meeting of your company. During my address, I will share the key highlights of the previous year.

2016 was a historic year on multiple fronts – for ABB in India and around the world as well as the various geopolitical happenings across the globe. What was commendable was your Company's sustained solid performance in a mixed market. Also the successful navigation of a rapidly changing market in the midst of the energy and fourth industrial revolutions as a leaner, more customer focused, digital industry leader.

In my speech I will outline the external environment and how the world of business is transforming with the energy and fourth industrial revolutions. Sanjeev will then outline ABB India's strategy, performance and key highlights.

External environment

In 2016, India's growth story achieved mixed attention due to a number of global events like Brexit, various international elections, continued uncertainty in the Middle East and domestic watershed policymaking like demonetization and impending tax reforms like GST. Some positive macro factors were FDI - up 30% compared to 2015 and forex reserves up by 2.5% while inflation was down by 6% on an average in 2016. The focus on renewable energy and the government spending on infrastructure helped keep the economy buoyant despite pressures like compressed exports, capacity utilization below 75% and sluggish growth in industries.

On October 4 2016, ABB unveiled the third stage of its Next Level strategy to continue the work of making your Company a more customer oriented, focused, accountable and leaner organization. Building on the focus areas of profitable growth, relentless execution and business-led collaboration, stage 3 consists of four actions:

- Driving growth in our four market-leading business divisions (w.e.f 2017)
- Taking our digital capability to the next level (launched the ABB Ability digital platform last year and added 180 solutions this year)
- Accelerating momentum in operational excellence
- Strengthening the global ABB brand – the new look of ABB which you see around you to give customers a better experience

The quantum leap in digital is something I would like to focus on. ABB has been a hidden digital champion with the largest base of connected industrial devices. The partnership with Microsoft has now enabled us to launch the next generation of digital solutions and services portfolio across sectors with cloud capability. You would have read about our very recent development of partnering with IBM to combine ABB's domain knowledge with IBM's artificial intelligence and machine learning to transform shop-floors and grids. And this is not a phenomena associated with just the western economies but with a variety of government programs is equally applicable in India.

Energy Revolution

The Indian grid is evolving with more renewable sources of energy being generated across the country. India now ranks fourth largest in terms of cumulative wind projects installations in the world and despite a strong reliance on coal, it is on track to become the third biggest solar power nation after US and China this year. All this has changed the grid forever. From large plants generating electricity to a rooftop charged by solar, even you or I can become the producer of electricity. On sunny days, one can generate more than enough electricity for one's own use, and feed energy back into the local grid. The use of renewable energy has brought about other factors like:

- Solar and wind farms are located far away from cities – modes of efficient transportation required like HVDC
- Intermittency and volatility – one cannot control how strong the sun shines or how fast the wind blows
- Multiple points instead of linear – solar parks, rooftops, wind farms, the grid has to accept energy from different sources

Your Company is a national and global leader in digital technologies which make the adoption of renewable energy easier, faster and more efficient and make the grid robust to incorporate changes. From the largest solar plant in India to mega HVDC projects, Sanjeev will elaborate further on the milestones.

Fourth Industrial Revolution

A combination of digital technologies and connectivity has transformed the world of manufacturing to include intelligent, networked equipment on the shop-floors, generating a lot of data. By the end of this decade, more than 20 billion devices will be connected to the Internet – and this number does not include computers or smartphones. The stream of data these connected devices will generate will be a rich source of business intelligence. With its young population, leadership in software and enabling policies like make

in India and digital India, your country could emerge as one of the leading destinations for the Internet of Things, Services and People. ABB India is one of the pioneers of the fourth industrial revolution, executing industry leading projects on the industrial internet of things, services and people as long as 10 years ago. A lot of our key orders in 2016 has emanated from the vision for next level technology across sectors be it in utilities, industry or infrastructure and transportation. From modernization of railways with new locos to electric vehicle charging – your Company has been in a leadership position in established markets and ready to lead for emerging ones. From water to food and beverage, steel or electricity – the digital revolution is creating value for our customers in India and around the globe.

Your Company will continue to grow and deploy global best in class technologies made in India to projects of national importance. With a robust order backlog and proven expertise in execution, your Company will hold steady in a mixed market.

Acknowledgement

I am very grateful to all customers, channel partners, shareholders, suppliers, banks, financial institutions, the Government and other stakeholders for their continued support, partnership and invaluable contribution in facilitating the Company's operations in India.

I look forward to the continued support of all our shareholders as we advance towards optimizing our operations and offering innovative cutting-edge technologies in India and beyond. I also thank the ABB Group for their unstinted support to the Company's operations, and my colleagues on the Board for their unfailing guidance.

In conclusion, on behalf of the entire Board and all shareholders, I wish to acknowledge the dedication and commitment shown by the management and all employees of the Company.

ABB is well positioned to lead the energy and the fourth industrial revolutions in the market.

Let's write the future in India. Together.