

Notes to the Financial Statements

1. Corporate information

ABB India Limited ('the Company') has served utility and industry customers for over six decades with the complete range of engineering, products, solutions and services in areas of Automation and Power technology. The Company has extensive installed base for manufacturing and a countrywide marketing and service presence. Besides catering to Indian domestic market, the Company is also playing an increasing role in the global market.

The Company is a public limited company domiciled in India and incorporated under the provisions of the Indian Companies Act. The registered office is located at Bengaluru. Its shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

The financial statements are approved for issue by the Company's Board of Directors on March 1, 2019.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

A Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

B Functional and presentation currency

The financial statements are presented in INR in crores, rounded off to two decimal places, except when otherwise indicated.

C Basis of measurement

The financial statements have been prepared on the historical cost convention basis, except for certain financial instruments (refer accounting policy regarding financial instruments), which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services as at the date of respective transactions.

2.2 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 2.3. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

2.3 Critical accounting estimates and judgements

2.3.1 Estimates

a. Project revenue and costs

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

b. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

c. Employee benefits

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rate and past trends. Further details about gratuity obligations are given in Note 34.

d. Provision for litigations and contingencies

The provision for litigations and contingencies are determined based on evaluation made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgements around estimating the ultimate outcome of such past events and measurement of the obligation amount. Due to the judgements involved in such estimations the provisions are sensitive to the actual outcome in future periods.

2.3.2 Judgements

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes

- Note 40 - leases: whether an arrangement contains a lease; and
- Note 40 - lease classification.

2.4 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- All other assets are classified as non-current

A liability is current when:

- It is expected to be settled in normal operating cycle
 - It is held primarily for the purpose of trading
 - It is due to be settled within twelve months after the reporting period, or
 - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
 - The Company classifies all other liabilities as non-current
 - Deferred tax assets and liabilities are classified as non-current assets and liabilities
- The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.5 Foreign Currency

Functional currency

The functional currency of the company is the Indian Rupee.

Transactions and translations

Initial recognition transactions in foreign currencies are recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. The gains or losses resulting from such translations are recognised in the statement of profit and loss.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

2.6 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Revenue are stated exclusive of goods and service tax and net of trade and quantity discount.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

In case of large transformers, revenue is recognized on achievement of contractual milestone. Revenue recognized in excess of billing has been reflected under "Other financial assets" as unbilled revenue.

Revenues from long-term contracts are recognized on the percentage of completion method, in proportion that the contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs. Contract revenue earned in excess of billing has been reflected under "Other financial assets" and billing in excess of contract revenue has been reflected under "Other current liabilities" in the balance sheet. Full provision is made for any loss in the year in which it is first foreseen.

Liquidated damages / penalties are provided for as per the contract terms wherever there is a delayed delivery attributable to the Company.

Revenue from the development services is recognised as per the contract terms and when accrued. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Commission income is recognized as per contract terms and when accrued.

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest income is recognised on time proportion basis.

2.7 Income Taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.8 Property, plant and equipment

On transition to Ind-AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1st January, 2016 measured as per the previous GAAP and use that carrying value as a deemed cost of property, plant and equipment.

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognised in statement of profit or loss as incurred. The Company identifies and determines cost of each component/ part of Property, plant and equipment separately, if the component/ part has a cost which is significant to the total cost of the Property, plant and equipment and has

useful life that is materially different from that of the remaining asset. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances and cost of assets not ready for use at the balance sheet date are disclosed under capital work-in-progress.

The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Useful lives estimated by the management in years:

• Leasehold land, leasehold improvements and other leased assets (over the period of lease)	1-10
• Factory buildings	15-30
• Other buildings	3-60
• Furniture and fixtures	10
• Office equipments	3-5
• Plant and equipment	2-21
• Vehicles	5

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

2.9 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of profit and loss in the period in which the expenditure is incurred. The estimated useful life of assets are as follows:

• Technical know-how fees	3-10
• Capitalized software costs	3-5
• Goodwill on business acquisition is not amortized but tested for impairment.	

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

2.10 Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are charged to statement of profit and loss on straight line basis over the period of the lease, unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

2.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of various categories of inventories is arrived at as follows:

Stores, spares, raw materials, components and traded goods - at rates determined on the moving weighted average method.

Goods in Transit – at actual cost.

Work-in-progress and finished goods - at full absorption cost method which includes direct materials, direct labour and manufacturing overheads. Cost is determined on weighted average method.

Provision for obsolescence is made wherever necessary.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.13 Impairment

a. Financial assets

Financial assets (other than at fair value) The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 ('Financial Instruments') requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company provides for impairment upon the occurrence of the triggering event.

b. Non-financial assets

Intangible assets and property, plant and equipment

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

2.14 Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.15 Other income

Other income is comprised primarily of interest income. Interest income is recognized using the effective interest method.

2.16 Provisions & Contingent liability

General

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of time value of money is material, Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

2.17 Financial instruments

2.17.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition.

2.17.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business where the objective is to hold the asset in order to collect contractual cash flows and the

contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business where the objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(v) Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

b. Derivative financial instruments

The company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

Financial assets or financial liabilities, at fair value through profit or loss.

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in the statement of profit and loss. when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income/expenses. Assets/ liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

Certain commercial contracts may grant rights to the Company or the counterparties, or contain other provisions that are considered to be derivatives. Such embedded derivatives are assessed at inception of the contract and depending on their characteristics, accounted for as separate derivative instruments and shown at their fair value in the balance sheet with changes in their fair value recognized through profit or loss.

2.18 Fair value of financial instruments

Fair value hierarchy:

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.19 Earnings per share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

2.20 Employee benefits

2.20.1 Gratuity & Provident Fund - Defined benefit plans

The present value of the obligation under defined benefit plans are determined based on actuarial valuation using the Projected Unit Credit Method. In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on a net basis.

In case of defined benefit plans, remeasurement comprising of actuarial gains and losses is recognized in other comprehensive income (OCI) and is reflected in retained earnings and is not eligible to be reclassified to profit or loss.

The Company recognises the following changes in the net defined benefit obligation as an expense in statement of profit and loss:

- Service cost including current service cost, past service cost and gains and losses on curtailments and settlements; and
- Net interest expense or income.

Provident fund has been considered as a defined benefit plan since any additional obligations on account of investment risk and interest rate risk are required to be met by the Company.

2.20.2 Superannuation - Defined contribution scheme

Contribution to Superannuation Fund, is made at pre-determined rates to the Superannuation Fund Trust and is charged to the statement of profit and loss during the period in which the employee renders the related services. There are no other obligations other than the contribution payable to the Superannuation Fund Trust.

2.20.3 Compensated absences

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefits. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company presents the entire accumulated leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

2.20.4 Share based compensation

The company recognizes compensation expense relating to share-based payments in net profit using fair-value in accordance with Ind AS 102, Share-Based Payment. The estimated fair value of awards is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding account.

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

2.21 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents consist of cash and cheque at hand / remittance in transit and cash and deposit with bank.

2.22 Operating cycle

A portion of the Company's activities (primarily long-term project activities) has an operating cycle that exceeds one year. Accordingly, assets and liabilities related to these long-term contracts, which will not be realized/paid within one year, have been classified as current. For all other activities, the operating cycle is twelve months.

2.23 Non-current assets held for sale and discontinued operations

Non-current assets (including disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less cost to sell.

Non-current assets classified as held for sale are not depreciated or amortised from the date when they are classified as held for sale.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of de-recognition.

Non-current assets classified as held for sale and the assets and liabilities of a disposal group classified as held for sale are presented separately from the other assets and liabilities in the balance sheet. A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and:

(a) represents a separate major line of business or geographical area of operations and;

(b) is part of a single co-ordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the statement of profit and loss.

2.24 Recent Indian Accounting Standards (Ind AS)

Following new standard and amendment to Ind AS have not been applied by the Company as they are effective for annual periods beginning on or after January 1, 2019:

Ind AS 115 Revenue from Contracts with Customers

Ind AS 21 The effect of changes in Foreign Exchange rates

Ind AS 115 Revenue from Contracts with Customers

'In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115 'Revenue from Contracts with Customers' (New Revenue Standard), which replaces Ind AS 11 'Construction Contracts' and Ind AS 18 'Revenue'. The core principle of the New Revenue Standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Some of the key changes introduced by the New Revenue Standard include additional guidance for multiple-element arrangements, measurement approaches for variable consideration, specific guidance for licensing of intellectual property. The new standard also provides guidance on evaluation of performance obligations being distinct to enable separate recognition and could impact timing of recognition of certain elements of multiple element arrangements.

Significant additional disclosures in relation to revenue are also prescribed. The New Revenue Standard also provides two broad alternative transition options – Retrospective Method and Cumulative Effect Method – with certain practical expedients available under the Retrospective Method. The Company is in the process of evaluating the impact of the New Revenue Standard on the present and future arrangements and shall determine the appropriate transition option once the said evaluation has been completed.

Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.

3 Property, plant and equipment and capital work-in-progress

(₹ in Crores)

	Owned assets									Leased assets	Total
	Freehold Land	Leasehold Land	Leasehold Improvements	Factory Buildings	Other Buildings	Plant and Equipment	Office Equipments	Furniture and Fixtures	Vehicles	Plant and Equipment	
Gross carrying value											
As at January 1, 2017	67.28	21.24	21.69	284.42	62.73	795.60	12.91	38.52	0.48	-	1,304.87
Additions	-	-	2.63	19.94	1.54	75.88	3.70	7.34	0.33	12.00	123.36
Disposal	-	-	(0.07)	-	(0.03)	(4.53)	(0.10)	(1.12)	-	-	(5.85)
As at December 31, 2017	67.28	21.24	24.25	304.36	64.24	866.95	16.51	44.74	0.81	12.00	1,422.38
Additions	1.30	-	6.24	10.54	29.52	151.57	10.48	25.70	0.15	3.71	239.21
Disposals	-	(0.78)	(9.22)	(3.52)	(0.73)	(29.46)	(2.58)	(3.53)	-	-	(49.82)
Transferred to discontinued operations	(13.59)	-	(0.35)	(19.94)	(4.91)	(455.08)	(3.46)	(8.38)	(0.25)	-	(505.96)
As at December 31, 2018	54.99	20.46	20.92	291.44	88.12	533.98	20.95	58.53	0.71	15.71	1,105.81
Accumulated depreciation											
Balance as at January 1, 2017	-	0.33	3.07	11.92	3.37	106.95	3.76	6.58	0.10	-	136.08
Depreciation charge for the year	-	0.33	8.81	12.40	3.31	107.24	3.62	6.75	0.15	3.57	146.18
Disposals	-	-	(0.01)	-	(0.03)	(1.57)	(0.05)	(0.82)	-	-	(2.48)
As at December 31, 2017	-	0.66	11.87	24.32	6.65	212.62	7.33	12.51	0.25	3.57	279.78
Depreciation charge for the year	-	0.32	2.51	12.73	3.47	99.14	4.27	7.42	0.19	5.22	135.27
Disposals	-	(0.11)	(9.21)	(1.30)	(0.35)	(22.67)	(2.57)	(3.00)	-	-	(39.21)
Transferred to discontinued operations	-	-	(0.13)	(2.59)	(0.72)	(133.97)	(1.56)	(2.19)	(0.17)	-	(141.33)
As at December 31, 2018	-	0.87	5.04	33.16	9.05	155.12	7.47	14.74	0.27	8.79	234.51
Net carrying value as at December 31, 2017	67.28	20.58	12.38	280.04	57.59	654.33	9.18	32.23	0.56	8.43	1,142.60
Net carrying value as at December 31, 2018	54.99	19.59	15.88	258.28	79.07	378.86	13.48	43.79	0.44	6.92	871.30
Capital work in progress as at December 31, 2017											116.48
Capital work in progress as at December 31, 2018											83.06

Notes:

- Other buildings include cost of shares in Lotus Court Private Limited ₹ 0.01 crores.
- The Company had acquired freehold land of 20 acres 36 guntas on a slump sales basis, in 2011. Out of such free hold land acquired 15 acres and 5 guntas is registered in the Company's name and the balance 5 acres and 31 guntas is in the process of being registered.
- There are no tangible assets given on operating lease.

4 Intangible assets

(₹ in Crores)				
	Goodwill	Other intangible assets		
		Technical Know-how fees	Capitalised Software	Total
Gross carrying value				
As at January 1, 2017	46.42	48.74	5.83	54.57
Additions	-	0.74	0.99	1.73
Disposal	-	-	-	-
As at December 31, 2017	46.42	49.48	6.82	56.30
Additions	-	-	2.45	2.45
Disposals	-	(1.20)	(0.40)	(1.60)
Transferred to discontinued operations	(31.80)	(33.36)	(2.29)	(35.65)
As at December 31, 2018	14.62	14.92	6.58	21.50
Accumulated amortisation / impairment				
Balance as at January 1, 2017	-	13.23	1.64	14.87
Amortisation charge for the year	-	10.22	1.57	11.79
Disposals	-	-	-	-
As at December 31, 2017	-	23.45	3.21	26.66
Amortisation charge for the year	-	8.85	1.66	10.51
Disposals	-	(0.70)	(0.40)	(1.10)
Transferred to discontinued operations	-	(20.72)	(1.07)	(21.79)
As at December 31, 2018	-	10.88	3.40	14.28
Net carrying value as at December 31, 2017	46.42	26.03	3.61	29.64
Net carrying value as at December 31, 2018	14.62	4.04	3.18	7.22

Note

(₹ in Crores)		
	2018	2017
Breakup of Goodwill CGU wise		
Power Grids	-	31.80
Electrification Products	14.62	14.62
	14.62	46.42

Goodwill and CGU's impairment testing

The Company tests whether goodwill has suffered any impairment on an annual basis as at 31 December. The recoverable amount of a Cash Generating Unit ('CGU') is determined based on value-in-use calculations which require the use of assumptions. The calculations use pre-tax cash flow projections based on financial budgets approved by the management. An average of the range of each assumption used is mentioned below.

	2018	2017
Growth rate	5% - 6%	5% - 6%
Operating margins	6% - 13%	6% - 13%
Discount rate	9% - 10%	9% - 10%

The above discount rate is based on the Weighted Average Cost of Capital (WACC) which represents the weighted average return attributable to all the assets of the CGU. These estimates are likely to differ from future actual results of operations and cash flows.

Based on the above assessment, there has been no impairment of goodwill.

5 Investments

	(₹ in Crores)			
	Non-current		Current	
	2018	2017	2018	2017
Investment in bonds and debentures				
Quoted:-				
(Carried at amortised cost)				
Nil (December 31, 2017 - 15,00,000) 6.25%, 2018 Government of India Bonds of ₹ 100 each fully paid.	-	-	-	15.96
Unquoted:-				
(Carried at amortised cost)				
10 5.95%, 15 years Non-cumulative bonds of Karnataka Water & Sanitation Pooled Fund Trust of ₹ 1,66,667 (December 31, 2017 - ₹ 2,50,000) each fully paid.	0.09	0.17	0.08	0.08
Investment in mutual fund				
Unquoted:				
(Carried at fair value through profit and loss)				
Mutual funds				
Nil (December 31, 2017 - 755,784.82 units) of -HDFC liquid fund - Direct plan - Growth option	-	-	-	254.41
	0.09	0.17	0.08	270.45
Aggregate amount of				
Quoted investments (Market Value: Nil, December, 31 2017 ₹ 15.00 Crores)	-	-	-	15.96
Total quoted investments	-	-	-	15.96
Unquoted investments	0.09	0.17	0.08	254.49

6 Loans

	(₹ in Crores)			
	Non-current		Current	
	2018	2017	2018	2017
(Unsecured considered good, unless otherwise stated)				
Security deposits	10.42	21.56	11.59	18.26
Loans to employees	-	-	4.25	6.36
	10.42	21.56	15.84	24.62

7 Other financial assets

	(₹ in Crores)			
	Non-current		Current	
	2018	2017	2018	2017
(Unsecured considered good)				
Non current bank balances	1.51	0.34	-	-
Interest accrued on fixed deposits	-	-	2.22	4.44
Interest accrued on investments	-	-	-	0.48
Deposits with customers	-	-	6.00	13.27
Contract revenue in excess of billing/unbilled revenue	-	-	217.38	650.28
Other receivables	-	-	30.29	43.32
Mark to market gain on forward contracts*	-	-	13.35	31.19
Mark to market gain on embedded derivatives*	-	-	12.67	17.40
	1.51	0.34	281.91	760.38

* At fair value through profit and loss

8 Income tax

	(₹ in Crores)	
	2018	2017
The major components of income tax expense for the years ended December 31,		
Statement of profit and loss:		
Profit or loss section (continuing and discontinued operations)		
Current income tax:		
Current income tax charge	282.05	189.90
Deferred tax	1.30	11.91
Income tax expense reported in the statement of profit and loss	283.35	201.81
Other comprehensive income		
Deferred tax related to items recognised in OCI during the year:	(1.04)	(1.17)
Income tax expense charged to OCI	(1.04)	(1.17)
Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate		
Accounting profit before income tax (continuing and discontinued operations)	794.24	621.76
At India's statutory income tax rate of 34.944% (December 31, 2017 - 34.608%)	277.54	215.18
Adjustments in respect of current income tax		
Non-deductible expenses for tax purposes:	4.00	4.67
Other deductible expenses for the tax purpose	0.36	(14.19)
Others	1.45	(3.85)
At the effective income tax rate of 35.676% (December 31, 2017 - 32.458%)	283.35	201.81
Deferred tax:		
Balance Sheet		
Deferred tax relates to the following:	2018	2017
Property, plant and equipment	(125.15)	(120.21)
Other intangible assets	(13.19)	(13.33)
Provision for doubtful debts and advances	203.30	206.31
Expenditure debited to the statement of profit and loss but allowable for tax purpose in subsequent years	50.00	44.53
Net deferred tax assets/(liabilities)	114.96	117.30
Reflected in the balance sheet as follows:		
Deferred tax assets	253.30	250.84
Deferred tax liabilities	(138.34)	(133.54)
Deferred tax assets, net	114.96	117.30

9 Non-current tax asset (net)

	(₹ in Crores)	
	2018	2017
Advance income-tax (net of provision for tax)	288.88	291.79
	288.88	291.79

10 Other non-current assets

	(₹ in Crores)	
	2018	2017
Capital advances	13.16	13.17
Advances recoverable in cash or kind (considered doubtful)	3.24	4.45
	3.24	4.45
Less: Provision for doubtful advances	3.24	4.45
	-	-
Taxes and duties recoverable	145.72	174.50
Prepaid rent	0.84	1.32
	159.72	188.99

11 Trade receivables

	(₹ in Crores)			
	Non-current		Current	
	2018	2017	2018	2017
Unsecured				
Considered good	-	-	1,686.89	2,764.10
Considered doubtful	-	-	167.21	279.00
Credit impaired	219.31	309.33	-	-
	219.31	309.33	1,854.10	3,043.10
Less:				
Loss allowance on doubtful receivable	219.31	309.33	167.21	279.00
	-	-	1,686.89	2,764.10

12 Cash and cash equivalents

	(₹ in Crores)	
	2018	2017
Balances with banks		
- On current accounts	147.23	217.17
- Deposit accounts (Original maturity upto 3 months)	1,225.00	1,155.00
Cheques on hand / remittance in transit	100.16	117.01
Cash on hand	0.01	0.01
	1,472.40	1,489.19

13 Bank balances other than cash and cash equivalent

	(₹ in Crores)	
	2018	2017
Unpaid dividend	2.67	2.47
	2.67	2.47

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

	(₹ in Crores)	
	2018	2017
Raw materials and components (including goods in transit of ₹ 131.79 Crores, December, 31, 2017 ₹ 173.22 Crores)	629.22	735.12
Work-in-progress	186.89	323.42
Finished goods	80.84	65.24
Traded goods	29.67	27.64
Stores and spares	1.23	2.13
	927.85	1,153.55

During the year ended **December 31, 2018** - ₹ 0.68 Crores (December 31, 2017 - ₹ 0.30 Crores) was recognized as an expense in relation to inventory obsolescence.

15 Others current assets

	(₹ in Crores)	
	2018	2017
Prepaid expenses	24.51	24.16
Advances recoverable in cash or kind	31.46	92.55
Balance with government authorities	200.60	215.79
Taxes and duties recoverable	48.43	105.75
Other receivables	30.26	29.75
	335.26	468.00

16 Equity

Share capital	2018		2017		
	Equity shares		Equity shares		
	Numbers	(₹ in Crores)	Numbers	(₹ in Crores)	
Authorised share capital					
At December 31, 2017	21,25,00,000	42.50	21,25,00,000	42.50	
At December 31, 2018	21,25,00,000	42.50	21,25,00,000	42.50	
Preference shares					
		Numbers	(₹ in Crores)	Numbers	(₹ in Crores)
11% Redeemable 10 years, cumulative preference shares					
At December 31, 2017	7,50,000	7.50	7,50,000	7.50	
At December 31, 2018	7,50,000	7.50	7,50,000	7.50	
Issued equity share capital					
Equity shares of ₹ 2 each issued, subscribed and fully paid		Numbers	(₹ in Crores)	Numbers	(₹ in Crores)
At December 31, 2017	21,19,08,375	42.38	21,19,08,375	42.38	
At December 31, 2018	21,19,08,375	42.38	21,19,08,375	42.38	

a) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees.

The Board of directors have recommended dividend of ₹ 4.80 per equity share for the year ended December 31, 2018. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of the shareholders	Numbers	% of holding	Numbers	% of holding
ABB Asea Brown Boveri Limited - the holding company	15,89,31,281	75.00%	14,63,90,951	69.08%
ABB Norden Holding AB - a fellow subsidiary	-	-	1,25,40,330	5.92%
Life Insurance Corporation of India	1,21,19,807	5.72%	1,44,39,268	6.81%

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

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

17 Other equity

	(₹ in Crores)	
	2018	2017
a) Securities premium		
Opening balance	60.00	60.00
Closing balance	60.00	60.00
b) Surplus in the statement of profit and loss		
Opening balance	397.68	127.53
Net profit for the year	510.89	419.95
Other comprehensive income/ (loss) (net of tax)	1.95	2.22
Less: Appropriations during the year		
Equity dividend paid	93.24	84.76
Tax on equity dividend paid	19.17	17.26
Transfer to debenture redemption reserve	-	50.00
Balance as at December 31,	112.41	152.02
Closing balance	798.11	397.68
c) Employee stock options reserve		
Opening balance	0.07	0.03
Add: Employee compensation expense for the year	-	0.04
Closing balance	0.07	0.07
d) Debenture redemption reserve		
Opening balance	150.00	100.00
Add : Transferred during the year	(150.00)	50.00
Closing balance	-	150.00
e) Capital reserve		
Opening balance	1.10	1.10
Closing balance	1.10	1.10
f) Capital redemption reserve		
Opening balance	7.50	7.50
Closing balance	7.50	7.50
g) General reserve		
Opening balance	2,948.16	2,948.16
Add : Transferred during the year	150.00	-
Closing balance	3,098.16	2,948.16
Total other equity	3,964.94	3,564.51

Nature and purpose of other reserves**a) Securities premium**

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act.

b) Employee stock option reserve

The share options outstanding account is used to recognise the grant date fair value of the options issued to employees under Employee Share Acquisition Plan schemes.

c) Debenture redemption reserve

The Company is required to create a debenture redemption reserve out of the profits which is available for payment of dividend for the purpose of redemption of debentures.

d) Capital reserve

Capital reserve pertains to acquisitions in the earlier years.

e) Capital Redemption reserve

The Company had transferred to Capital Redemption reserve, a sum equal to the nominal amount of preference shares to be redeemed out of the profits available for distribution as dividend.

f) General Reserve

General reserve is created out of profits earned by the Company by way of transfer from surplus in the statement of profit and loss. The Company can use this reserve for payment of dividend and issue of fully paid-up shares. As General reserve is created by transfer of one component of equity to another and is not an item of other comprehensive income, items included in the General reserve will not be subsequently reclassified to statement of profit and loss.

18 Borrowings

	(₹ in Crores)			
	Non-current		Current	
	2018	2017	2018	2017
(At amortized cost)				
Secured:				
Finance lease obligations	2.03	4.14	-	-
	2.03	4.14	-	-

19 Other financial liabilities

	(₹ in Crores)			
	Non-current		Current	
	2018	2017	2018	2017
Security deposits received	3.49	3.86	0.04	0.08
Interest accrued but not due on long-term borrowings	-	-	-	3.16
Unpaid dividends	-	-	2.67	2.47
Employee related payables	-	-	75.16	108.33
Mark to market loss on embedded derivatives*	-	-	9.90	37.30
Mark to market loss on forward contracts*	-	-	23.59	25.14
Current maturities of long term borrowings**	-	-	-	600.00
Current maturities of finance lease liabilities	-	-	4.89	4.21
Other payables	-	-	287.13	398.62
	3.49	3.86	403.38	1,179.31

* At fair value through profit and loss

** The debentures are repayable after 3 years from the date of allotment being September 4, 2015. The debentures carry interest rate of MIBOR plus 80 basis points. The proceeds have been utilized towards working capital and other corporate purposes including refinancing of Company's debt. The debentures have been fully repaid in the current year.

20 Provisions

	(₹ in Crores)			
	Non-current		Current	
	2018	2017	2018	2017
Provisions for employee benefits				
Gratuity	-	-	4.08	0.61
Provident fund	-	-	-	2.35
Leave benefits	-	-	25.75	41.32
Other provisions				
Warranties	-	-	86.40	149.29
Loss orders	-	-	17.33	37.32
Litigations	-	-	0.57	1.09
Sales tax	32.29	42.68	23.72	60.33
Provision for income tax (net)	-	-	75.53	22.21
	32.29	42.68	233.38	314.52

Nature of provisions:

- i) Warranties: The Company provides warranties for its products, systems and services, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made as at December 31, 2018 represents the amount of the expected cost based on technical evaluation and past experience of meeting such obligations. It is expected that this expenditure will be incurred over the contractual warranty period.
- ii) Loss orders: A provision for expected loss on construction contracts is recognised when it is probable that the contract costs will exceed total contract revenue. For all other contracts loss order provisions are made when the unavoidable costs of meeting the obligation under the contract exceed the currently estimated economic benefits.
- iii) Provision for litigation represents claims against the Company not acknowledged as debts that are expected to materialise in respect of matters in litigation. The outflow would depend on the cessation of the respective events.
- iv) Provision for sales tax represents mainly the differential sales tax liability on account of non – collection of declaration forms. The outflow would depend on the cessation of the respective events.

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

Class of provisions	(₹ in Crores)					
	As at January 1, 2018	Additions	Amounts used	Unused Amounts reversed	Provisions pertaining to discontinued operations as at Dec 31, 2018	As at December 31, 2018
Warranties	149.29	132.19	62.55	51.08	81.45	86.40
	(144.93)	(141.41)	(57.01)	(80.04)		(149.29)
Loss orders	37.32	10.59	3.73	-	26.85	17.33
	(33.90)	(59.23)	(55.81)	-		(37.32)
Litigations	1.09	-	-	0.52	-	0.57
	(11.98)	-	-	(10.89)		(1.09)
Sales tax	103.01	3.14	0.02	16.82	33.30	56.01
	(97.15)	(19.63)	(3.29)	(10.48)		(103.01)

21 Trade Payables

	(₹ in Crores)	
	2018	2017
Dues to micro and small enterprises	123.80	142.48
	123.80	142.48
Dues to creditors other than micro and small enterprises		
Acceptances	431.87	642.12
Other trade payables	1,318.84	1,928.51
	1,750.71	2,570.63
	1,874.51	2,713.11

The Company has amounts due to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at **December 31, 2018** (including discontinued operations related).

(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at **December 31, 2018**

Principal amount	179.70	138.04
Interest	1.39	0.46

(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, 2018**

Principal amount	-	-
Interest	4.13	3.69

(iii) The amount of interest due and payable for the period of delay in making payment (beyond the appointed day during the year)

3.65	3.98
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(iv) The amount of interest accrued and remaining unpaid for the year ending **December 31, 2018**

5.04	4.44
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(v) The amount of further interest remaining due and payable for the earlier years.

1.55	1.55
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(vi) **The amount (including interest) due as at December 31, 2018**

184.74	142.48
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22 Other liabilities

	(₹ in Crores)	
	2018	2017
Billing in excess of contract revenue	133.40	198.91
Statutory dues payable	18.37	38.25
Advance from customer	230.78	750.41
Deferred revenue	1.65	12.88
Other payables	13.56	23.09
	397.76	1,023.54

23 Revenue from operations (net)

	(₹ in Crores)	
	2018	2017
Sale of products and services		
Sale of products (refer note 44)	6,242.91	5,800.43
Sale of services	370.45	411.06
	6,613.36	6,211.49
Other operating revenues		
Scrap sales	13.01	11.61
Commission income	2.38	2.25
Income from development services	29.81	29.45
Miscellaneous income	31.56	32.69
	76.76	76.00
Revenue from operations (net)	6,690.12	6,287.49
Detail of sale of products and services		
(i) Sale of products		
Switchgear of all types	1,960.28	1,738.32
Electronic control and supply units for variable speed drives and other applications	1,645.46	1,241.89
Motors and other machines	946.59	772.77
Others	1,690.58	2,047.45
	6,242.91	5,800.43
(ii) Sale of services		
Erection, commissioning and other engineering services	370.45	411.06
	370.45	411.06
	6,613.36	6,211.49
The above includes revenue from construction contracts (including discontinued operations related) (refer note 43)	2,814.78	2,223.18

24 Other income

	(₹ in Crores)	
	2018	2017
Finance income		
Interest income:		
Interest on security deposit	0.83	0.74
Interest on retention	3.38	10.48
Interest from deposits with bank	42.73	49.38
Interest from long-term investments	0.01	0.95
	46.95	61.55
Other income		
Mark to market fair value change in investment	12.22	8.17
Interest income - on tax refunds etc.	0.33	8.01
Income from sale of revenue contracts	10.50	-
Profit on sale of business	14.01	-
	37.06	16.18
	84.01	77.73

	(₹ in Crores)	
	2018	2017
25 Cost of materials consumed		
Raw material and components consumed		
Inventory at the beginning of the year	468.74	425.83
Add : Purchases during the year	3,916.10	3,524.06
Less : Inventory at the end of the year	629.22	468.74
Cost of raw materials consumed	3,755.62	3,481.15
26 Purchases of traded goods		
Motors and other machines	113.34	87.97
Switchgears	6.40	21.29
Power invertors	2.17	3.50
Others	460.20	239.31
	582.11	352.07
27 Changes in inventories of finished goods, traded goods and work-in-progress		
Opening stock		
- Finished goods	56.66	38.28
- Work-in-progress	163.07	154.43
- Traded goods	27.29	11.80
	247.02	204.51
Closing stock		
- Finished goods	80.84	56.66
- Work-in-progress	186.89	163.07
- Traded goods	29.67	27.29
	297.40	247.02
	(50.38)	(42.51)
28 Employee benefit expenses		
Salaries, wages and bonus	454.69	444.57
Gratuity	1.43	2.29
Provident fund	9.56	16.50
Contribution to superannuation and other funds	15.85	16.03
Staff welfare expenses	37.96	27.94
Training, recruitment and transfer expenses	10.01	11.35
	529.50	518.68
29 Depreciation and amortisation expense		
Depreciation of tangible assets	88.65	96.94
Amortisation of intangible assets	4.11	4.29
	92.76	101.23
30 Finance costs		
Interest expenses	41.44	46.00
Bill discounting and other charges	11.14	8.88
Interest expense on provisions measured at amortised cost	1.32	2.36
	53.90	57.24

31 Other expenses

	(₹ in Crores)	
	2018	2017
Consumption of stores and spares	12.56	11.15
Packing expenses	24.79	21.84
Royalty and technology fees	174.51	156.82
Freight and forwarding	99.14	75.17
Postage and telephone	3.87	6.72
Commission (other than sole selling agent)	5.34	2.71
Power and fuel	21.87	21.16
Travelling and conveyance	86.98	95.69
Insurance	10.21	13.63
Rates and taxes (net)	(13.94)	19.14
Rent	33.42	31.25
Repairs :		
Buildings	6.31	3.16
Plant and machinery	17.89	14.50
Others	3.97	3.18
Provision for doubtful debts and advances (net)	24.34	(9.61)
Bad debts/advances written off	68.68	87.25
Loss on sale of fixed assets (net)	2.12	5.35
Printing and stationery	3.44	4.22
Bank charges	6.32	4.84
Corporate social responsibility expenditure	10.74	9.48
Legal and professional	56.35	40.60
Auditor's remuneration	2.49	1.96
Trade-mark fees	68.22	65.19
Information technology expenses	193.44	122.86
Exchange and commodity rate difference (net)	44.11	27.49
Director's fees and commission	0.98	0.94
Services from third parties	80.89	68.16
Testing and inspection charges	10.58	13.12
Seminar and publicity expenses	14.79	9.35
Group management fees	87.34	100.96
Miscellaneous	27.43	29.23
	1,189.18	1,057.51
Auditor's remuneration (excluding goods and service tax)*		
As auditor:		
Audit fee	0.70	0.90
Tax audit fee	0.30	0.26
Limited review	0.60	0.53
In other capacity:		
Group reporting fees	0.20	-
Certification, etc	0.40	0.16
Reimbursement of expenses	0.29	0.11
	2.49	1.96
* Previous year auditors remuneration includes ₹ 0.51 Crores paid to erstwhile auditors.		
Details of corporate social responsibility expenditure		
Gross amount required to be spent during the year	10.74	9.33
Amount spent during the year		
Construction/acquisition of any asset	3.73	2.16
On purposes other than above	7.01	7.32
	10.74	9.48

32 Discontinued operations

Disposal of Power Grids business

On 17th December 2018, ABB Limited, Zurich announced the sale of its Global Power Grids Business to Hitachi. Further to the global announcement, in the Board meeting held on 13th February, 2019 the Board granted in-principle approval for the segregation of the Company's Power Grid's business from the other business of the Company. Consequently, in pursuant to the requirements of Ind AS 105 – Non Current Assets Held for Sale and Discontinued Operations, the Company has classified the assets and liabilities as at 31st December 2018 pertaining to the Power Grids Business as Assets / Liabilities held for sale and measured the same at lower of cost and fair value (fair value less costs to sell). The results of Power Grid business are presented in results from discontinued operations in the current and prior periods presented.

The financial performance and cash flows for Power Grids business:

	2018	2017
a) Analysis of profit from discontinued operations		
Income		
Revenue from operations	4,171.77	3,087.61
Other income	13.21	43.24
Total income	4,184.98	3,130.85
Expenses		
Cost of raw materials, components consumed and project bought outs	2,383.73	1,579.52
Purchases of traded goods	1.25	5.05
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	(33.99)	(23.00)
Excise duty (Note 44)	-	94.02
Subcontracting charges	320.18	226.03
Employee benefit expenses	299.78	277.62
Depreciation and amortisation expense	53.02	56.74
Finance costs	22.79	20.07
Other expenses	739.12	606.87
Total expenses	3,785.88	2,842.92
Profit before tax	399.10	287.93
Tax expense:	142.40	93.46
Profit after tax	256.70	194.47
b) Net cash flows attributable to the discontinued operations		
Net cash (outflows) / inflows from operating activities	456.06	579.90
Net cash used in investing activities	(58.87)	(6.89)
Net cash (outflows) / inflows from financing activities	(446.28)	(615.14)
Net cash outflows	(49.09)	(42.13)

c) Book value of assets and liabilities of discontinued operations	
Property, plant and equipment and intangible assets (including CWIP)	435.70
Non-current financial assets	6.09
Other non-current assets	39.85
Inventories	419.36
Trade receivables	1,399.95
Cash and cash equivalents	(6.46)
Current financial assets	379.38
Other current assets	128.35
Total assets (A)	2,802.22
Non-current financial liabilities - provisions	9.76
Trade payables	1,180.58
Other financial liabilities	202.69
Other current liabilities	580.73
Current liabilities - provisions	148.98
Total liabilities (B)	2,122.74
Net Assets (A - B)	679.48

33 Earning per share (EPS)

	(₹ in Crores)	
	2018	2017
The following reflects the income and share data used in the basic and diluted EPS computations		
a) Profit after tax		
From continuing operations	254.19	225.48
From discontinued operations	256.70	194.47
b) Profit attributable to equity shareholders	510.89	419.95
c) Weighted average number of Equity Shares outstanding during the year	21,19,08,375	21,19,08,375
d) Nominal value of shares (in ₹)	2.00	2.00
e) Earnings per share- Basic and diluted (in ₹)		
From continuing operations (in ₹)	12.00	10.64
From discontinued operations (in ₹)	12.11	9.18
From continuing and discontinued operations (in ₹)	24.11	19.82

34 Gratuity and other post-employment benefit plans

The Company has defined benefit gratuity plan and provident fund plan managed by trusts.

Gratuity Plan :

Gratuity is payable to all eligible employees of the Company as per the provisions of the Payment of Gratuity Act, 1972 or as per the Company's scheme, whichever is higher.

Provident Fund Plan :

The Company manages provident fund plan through a provident fund trust for its employees which is permitted under the Provident Fund and Miscellaneous Provisions Act, 1952. The Contribution by employee and employer together with interest are payable at the time of separation from service or retirement whichever is earlier.

Assumptions relating to future salary increases, attrition, interest rate for discount and overall expected rate of return on assets have been considered based on relevant economic factors such as inflation, market growth and other factors applicable to the period over which the obligation is expected to be settled.

	(₹ in Crores)	
	2018	2017
A Gratuity		
The following table sets out movement in defined benefits liability and the amount recognised in the financial statements:		
Gratuity provision	6.80	0.61
Total	6.80	0.61

	(₹ in Crores)		
	Defined benefit obligation	Fair value of plan assets	Benefit liability
i Changes in the defined benefit obligation and fair value of plan assets as at December 31, 2018:			
Gratuity cost charged to profit or loss:			
As at January 1, 2017	132.47	117.47	15.00
Service cost	11.39	-	11.39
Net interest expense	8.33	8.08	0.25
Total amount recognised in statement of profit and loss (Note 28 and 32)	19.72	8.08	11.64
Remeasurement (gains)/losses in other comprehensive income:			
Return on plan assets (excluding amounts included in net interest expense)	-	1.85	(1.85)
Actuarial changes arising from changes in financial assumptions	(8.13)	-	(8.13)
Experience adjustments	6.59	-	6.59
Total amount recognised in other comprehensive income	(1.54)	1.85	(3.39)
Contributions by employer	-	22.64	(22.64)
Benefits paid	(16.53)	(16.53)	-
As at December 31, 2017	134.12	133.51	0.61
Service cost	11.41	-	11.41
Net interest expense	9.40	9.36	0.04
Total amount recognised in statement of profit and loss (Note 28 and 32)	20.81	9.36	11.45
Acquisitions(credit)/cost	(2.27)	-	(2.27)
Remeasurement (gains)/losses in other comprehensive income:			
Return on plan assets (excluding amounts included in net interest expense)	-	0.94	(0.94)
Actuarial changes arising from changes in financial assumptions	0.07	-	0.07
Experience adjustments	(2.12)	-	(2.12)
Total amount recognised in other comprehensive income	(2.05)	0.94	(2.99)
Contributions by employer	-	-	-
Benefits paid	(14.14)	(14.14)	-
As at December 31, 2018	136.47	129.67	6.80

		(₹ in Crores)	
		2018	2017
ii Amount recognized in balance sheet (including discontinued operations related)			
	Present value of funded obligations	136.47	134.12
	Fair value of plan assets	129.67	133.51
	Net funded obligation	(6.80)	(0.61)
	Net defined benefit (liability) / asset recognised in balance sheet	(6.80)	(0.61)
iii Expense recognised in profit or loss (includes discontinued operations related)			
	Current Service Cost	11.41	11.39
	Interest Cost	0.04	0.25
		11.45	11.64
iv Remeasurements recognised in other comprehensive income			
	Actuarial (gain)/loss on defined benefit obligation	(2.05)	(1.54)
	Return on plan assets excluding interest income	(0.94)	(1.85)
		(2.99)	(3.39)
v The major categories of plan assets of the fair value of the total plan assets are as follows:			
Investments quoted in active markets			
	Government of India Securities (Central and State)	12.00%	15.10%
	PSU securities	8.20%	10.67%
	Special deposit scheme / Funds with LIC	74.00%	68.14%
	Others (including bank balances)	5.80%	6.09%
	Total	100.00%	100.00%
vi The principal assumptions used in determining gratuity obligations are shown below:			
	Discount rate	7.30%	7.40%
	Future salary increases	7.75%	7.75%
vii The following payments are expected contributions to the defined benefit plan in future years			
	Within the next 12 months (next annual reporting period)	9.55	10.05
	Between 2 and 5 years	63.64	54.92
	Beyond 5 years	96.68	86.81
	Total expected payments	169.87	151.78
The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years.			

		(₹ in Crores)			
		2018		2017	
		Discount rate	Future salary increases	Discount rate	Future salary increases
viii A quantitative sensitivity analysis for significant assumption as at December 31, 2018 is as shown below:					
Assumptions					
Sensitivity analysis					
	1% increase	(9.88)	11.21	(10.25)	11.73
	1% decrease	11.36	(9.93)	11.88	(10.32)
Impact on defined benefit obligation					
The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.					

B Provident fund

	(₹ in Crores)		
	Defined benefit obligation	Fair value of plan assets	Benefit liability
i Changes in the defined benefit obligation and fair value of plan assets			
As at January 1, 2017	506.57	507.65	(1.08)
Current service cost	20.76	-	20.76
Contribution by plan participants	53.05	-	53.05
Interest expense	43.81	-	43.81
Return on plan assets	-	53.38	(53.38)
Contributions	-	73.05	(73.05)
Benefit payments	(74.96)	(74.96)	-
Actuarial (gain)/loss	12.24	-	12.24
As at December 31, 2017	561.47	559.12	2.35
Current service cost	96.55	-	96.55
Interest expense/income	50.89	50.71	0.18
Return on plan assets	-	(13.85)	13.85
Contributions	-	93.35	(93.35)
Benefit payments	(53.03)	(53.03)	-
Actuarial (gain)/loss	(20.95)	-	(20.95)
As at December 31, 2018	634.93	636.30	(1.37)

	(₹ in Crores)	
	2018	2017
ii Amount recognized in balance sheet		
Present value of funded obligations	634.93	561.47
Fair value of plan assets	636.30	559.12
Net funded obligation	1.37	(2.35)
Net defined benefit (liability) / asset recognised in balance sheet		(2.35)
iii The principal assumptions are shown below:		
Discount rate	7.30%	7.40%
Expected return on EPFO	8.55%	8.60%
iv A quantitative sensitivity analysis for significant assumption as at December 31, 2018 is as shown below:		
0.5% increase in discount rate	(13.41)	(14.46)
0.5% decrease in discount rate	23.72	24.79

The sensitivity results above determine their individual impact on the plan's end of year defined benefit obligation. In reality, the plan is subject to multiple external experience items which may move the defined benefit obligation in similar or opposite direction, while the plan's sensitivity to such changes can vary over time.

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach.

v The major categories of plan assets of the fair value of the total plan assets are as follows:

Investments quoted in active markets		
Government of India Securities (Central and State)	51.14%	48.85%
PSU securities	35.99%	38.15%
Special deposit scheme/Funds with LIC	0.00%	5.20%
Others (including bank balances)	12.87%	7.80%
Total	100.00%	100.00%

vi The company contributed ₹ **16.94** Crores towards employer's contribution for provident fund during the year December 2018.

vii The provident plans are applicable only to employees drawing a salary in Indian rupees and there are no other significant foreign defined benefit plans.

35 Fair value hierarchy

The Company's assets and liabilities which are measured at amortised cost for which fair value are disclosed at December 31, 2018.

Fair value hierarchy

Particulars	(₹ in Crores)	
	2018	2017
Financial Assets at amortised cost		
Investments (refer note 5)	0.17	16.21
Loans (refer note 6)	26.26	46.18
Trade and other receivables (refer note 11)	1,686.89	2,764.10
Cash and cash equivalents (refer note 12)	1,472.40	1,489.19
Other financial assets (refer note 7)	255.89	711.79
Financial assets at fair value through profit and loss :		
Investments (refer note 5)	-	254.41
Derivative instruments (refer note 7)	26.02	48.59
Total financial assets	3,467.63	5,330.47
Financial liabilities at amortised cost		
Borrowing (refer note 18)	2.03	4.14
Trade payables (refer note 21)	1,874.51	2,713.11
Other financial liability (refer note 19)	373.38	1,120.73
Financial assets at fair value through profit and loss :		
Derivative instruments (refer note 19)	33.49	62.44
Total financial liabilities	2,283.41	3,900.42

Particulars	(₹ in Crores)			
	Amount	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss :				
Derivative instruments (refer note 7) - As at December 31, 2018	26.02	-	26.02	-
Derivative instruments (refer note 7) - As at December 31, 2017	48.59	-	48.59	-
Investments (refer note 5) - As at December 31, 2018	-	-	-	-
Investments (refer note 5) - As at December 31, 2017	254.41	254.41	-	-
Financial liabilities at fair value through profit and loss :				
Derivative instruments (refer note 19) - As at December 31, 2018	33.49	-	33.49	-
Derivative instruments (refer note 19) - As at December 31, 2017	62.44	-	62.44	-

Valuation techniques and significant unobservable inputs

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

There were no transfers between Level 1, Level 2 and Level 3 during the year

The carrying value of trade receivables, loans, trade payables, other financial assets and liabilities and cash and cash equivalents are considered to be the same as their fair value, due to their short term in nature.

The fair value of financial assets and liabilities is included at the amount at which the instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Company enters into derivative financial instruments with banks/ financial institutions. Foreign currency forward contracts are valued using valuation techniques which employ the use of market observable inputs using present value calculations. The model incorporates various inputs including the deal specific fundamental, market conditions, maturity period, transaction size, comparable trades, foreign currency spot and forward rates.

36 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to support its operations. The Company's principal financial assets include investments, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, liquidity risk and credit risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Risk management committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

i. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, trade payables, deposits and investments.

a) Commodity contracts

The Company uses commodity future contracts to hedge risk against fluctuation in commodity prices. The following are outstanding future contracts entered into by the Company as on December 31, 2018.

Year	Commodity	Number of contracts	Contractual quantity	Buy /Sell
As at December 2018	Copper	116	2,804 MTs	Buy
As at December 2018	Silver	31	95,289 Ounce	Buy
As at December 2018	Aluminum	5	44 MTs	Buy
As at December 2017	Copper	101	1,927 MTs	Buy
As at December 2017	Silver	13	104,556 Ounce	Buy
As at December 2017	Aluminum	Nil	Nil	Nil

includes discontinued operations related.

ii. Foreign Currency Risk

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US\$. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not Company's functional currency (INR).

(a) Unhedged in foreign currency exposure

(₹ in Crores)							
Currency	EUR	BDT	BTN	SEK	CHF	USD	Others
Trade Receivables							
As at December 31, 2018	-	12.45	26.63	-	15.87	-	5.05
1% increase	-	0.12	0.27	-	0.16	-	0.05
1% decrease	-	(0.12)	(0.27)	-	(0.16)	-	(0.05)
As at December 31, 2017	54.24	-	-	264.62	-	419.90	1.31
1% increase	0.54	-	-	2.65	-	4.20	0.01
1% decrease	(0.54)	-	-	(2.65)	-	(4.20)	(0.01)
Trade payables							
As at December 31, 2018	99.14	11.18	2.69	0.22	-	-	19.88
1% increase	0.99	0.11	0.03	0.00	-	-	0.20
1% decrease	(0.99)	(0.11)	(0.03)	(0.00)	-	-	(0.20)
As at December 31, 2017	150.15	-	-	303.84	19.17	289.21	58.00
1% increase	1.50	-	-	3.04	0.19	2.89	0.58
1% decrease	(1.50)	-	-	(3.04)	(0.19)	(2.89)	(0.58)
Cash and cash equivalents							
As at December 31, 2018	-	-	-	-	-	-	17.95
1% increase	-	-	-	-	-	-	0.18
1% decrease	-	-	-	-	-	-	(0.18)
As at December 31, 2017	-	-	-	-	-	-	42.96
1% increase	-	-	-	-	-	-	0.43
1% decrease	-	-	-	-	-	-	(0.43)

Includes discontinued operations related.

The above sensitivity analysis is based on a reasonably possible change in the underlying foreign currency against the Indian rupee computed from historical data and is representative of the foreign exchange currency risk inherent in financial assets and financial liabilities reported at the reporting date.

(b) Fair value of derivative instruments

(₹ in Crores)		
	2018	2017
(a) Forward contract for export debtors outstanding	49.89	24.19
(b) Forward contract for import creditors outstanding	(53.13)	25.14
(c) Forward cover for expected future sales / purchases	(6.88)	7.00

Includes discontinued operations related.

(c) Forward contracts outstanding as of December 31, 2018

Currency	2018			2017		
	Number of Contracts	Amount in Foreign Currency Crores	(₹ in Crores)	Number of Contracts	Amount in Foreign Currency Crores	(₹ in Crores)
Exports						
CHF	75	1.91	143.01	10	0.07	5.14
EUR	484	4.29	366.40	143	1.39	110.09
SEK	112	32.83	278.53	6	30.89	268.66
USD	464	6.43	457.11	408	10.07	678.64
Others	60	6.56	65.90	14	1.20	6.72
			1,310.95			1,069.25

Currency	2018			2017		
	Number of Contracts	Amount in Foreign Currency Crores	(₹ in Crores)	Number of Contracts	Amount in Foreign Currency Crores	(₹ in Crores)
Imports						
CHF	18	0.39	30.37	126	2.05	141.10
EUR	154	1.81	156.11	788	6.08	478.55
SEK	6	24.55	214.13	197	44.74	374.20
USD	386	10.47	754.55	624	8.23	551.71
Others	13	13.87	12.69	91	10.78	64.19
			1,167.85			1,609.75

Includes discontinued operations related.

iii. Interest rate risk

The Company's exposure to changes in interest rates relates primarily to the Company's outstanding Non-convertible debentures (linked to MIBOR) in the previous year. As at December 31, 2018, the non-convertible debentures have been fully redeemed.

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

	(₹ in Crores)	
	2018	2017
Non- convertible debentures	-	600.00

A hypothetical 25 basis point shift in respective MIBORs rate on interest would result in a corresponding increase/ decrease in interest cost for the Company on a yearly basis.

	(₹ in Crores)			
	Impact on profit and loss		Impact on equity	
	2018	2017	2018	2017
Interest rates - increase by 0.25% in INR interest rate *	-	(1.50)	-	(1.50)
Interest rates - decrease by 0.25% in INR interest rate *	-	1.50	-	1.50

* Holding all other variables constant

iv Credit risk

Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Trade receivables

Trade receivables consists of a large number of customers spread across diverse industries.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable. Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At year end, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivable and the amount of the loss is recognised in the statement of profit and loss within other expenses.

Specific allowance for loss is also been provided by the management based on expected recovery on individual customers.

The provision provided in books for trade receivables overdue:

Reconciliation of loss allowance

	(₹ in Crores)	
	2018	2017
Opening balance	588.33	594.10
Add: Additional ECL provision/(reversal)	(10.60)	26.37
Add: Additional provision	106.21	111.49
Less: Utilisation/reversals	105.68	143.63
Closing balance	578.26	588.33

Includes discontinued operations related.

Management does not expect any significant loss from non-performance by counterparties on credit granted during the financial year that has not been provided for.

v. Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and debentures. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company maintains flexibility in funding by maintaining availability under committed credit lines.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	2018				2017			
	On demand	Less than 1 year	More than 1 year	Total	On demand	Less than 1 year	More than 1 year	Total
Year ended								
December 31, 2018								
Borrowings	-	-	2.03	2.03	-	-	4.14	4.14
Other financial liabilities	-	373.38	-	373.38	-	1,120.73	-	1,120.73
Trade payables	-	1,874.51	-	1,874.51	-	2,713.11	-	2,713.11
Total non-derivative liabilities	-	2,247.89	2.03	2,249.92	-	3,833.84	4.14	3,837.98

37 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

	(₹ in Crores)	
	2018	2017
Borrowings	2.03	4.14
Trade payables	1,874.51	2,713.11
Other financial liabilities	406.87	1,183.17
Less: cash and cash equivalents	(1,472.40)	(1,489.19)
Net debts	811.01	2,411.23
Total equity	4,007.32	3,606.89
Capital and net debt	4,818.33	6,018.12
Gearing ratio	16.83%	40.07%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended December 31, 2018.

38 Share based payments

The employees of the Company are entitled to the shares of ABB Limited, Zurich (Ultimate holding company) under an equity settled share based plan. The share based payments expense accounted during the year is not material and hence the required disclosures has not been provided.

39 Contingent liabilities and contingent assets

	(₹ in Crores)	
	2018	2017
Contingent liabilities		
Excise duty /service tax and sales tax liabilities dispute	487.11	564.49
Custom duty liabilities in dispute	18.65	4.90
Claims against the Company not acknowledged as debts	225.27	240.32
Income tax matters in dispute	13.24	16.98
	744.27	826.69

includes discontinued operations related.

The Company does not have any contingent assets at the balance sheet date.

The Company is contesting the demands and the management believes that its position will likely be upheld in the various appellate authorities/courts. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position.

In respect of the above contingent liabilities, the future cash outflows are determinable only on receipt of judgement pending at various forums / authorities.

40 Commitments

	(₹ in Crores)	
	2018	2017
(a) Capital commitments		
Estimated amount of contracts remaining to be executed on account of capital commitments and not provided for (net of advances)	145.10	115.04
# includes discontinued operations related.		
(b) Non-cancellable operating leases		
The Company has taken several premises and vehicles under cancellable and non-cancellable operating leases. These lease agreements are normally for one to ten years and have option of renewal on expiry of lease period based on mutual agreement.		
Rental expenses towards cancellable and non-cancellable operating lease charged to the statement of profit and loss amounts to ₹ 43.11 crores (December 31, 2017 ₹ 38.30 crores)		
Some of the lease agreements have escalation clause ranging from 5% to 15%. There are no exceptional/restrictive covenants in the lease agreement. There are no assets given on operating lease.		
Future minimum rentals payable under non-cancellable operating leases are as follows:		
Within one year	14.68	13.31
Later than one year but not later than five years	31.32	19.82
Later than five years	-	0.32
	46.00	33.45

(c) Finance lease

The Company has finance lease contracts for certain items of plant and machinery. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are, as follows: (Figures in brackets are in respect of the previous year)

	2018	
	Minimum lease payments	PV of minimum lease payments
Within one year	5.88	4.89
	(5.13)	(4.21)
After one year but not More than five years	2.39	2.03
	(5.05)	(4.14)
More than five years	-	-
	(-)	(-)
Total minimum lease payments	8.27	6.92
	(10.18)	(8.35)
Less: Amount representing finance charges	1.35	
	(1.83)	
Present value of minimum lease payments	6.92	
	(8.35)	

41 Segment disclosures**41(a) Segment information**

The Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by operating segments. For management purposes, CODM organises the company into business units based on its products and services and has four reportable segments, as follows

i) Composition of business segments

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

Robotics and Motion segment (RM) provides products, solutions and related services that increase industrial productivity and energy efficiency. Its motors, generators, drives and robotics provide power, motion and control for a wide range of automation applications.

Electrification Products segment (EP) provides technology across the full electrical value chain from substation to the point of consumption, enabling safer and more reliable power. A range of digital and connected innovations for low- and medium-voltage, including EV infrastructure, solar inverters, modular substations, distribution automation, power protection, wiring accessories, switchgear, enclosures, cabling, sensing and control.

Industrial Automation segment (IA) provides products, systems and services designed to optimize the productivity of industrial processes. Solutions include turnkey engineering, control systems, measurement products, life cycle services, outsourced maintenance and industry specific products. The industries served include oil and gas, power, chemicals and pharmaceuticals, pulp and paper, metals and minerals, marine and turbocharging.

Power Grids segment (PG) offers power and automation products, systems, service and software solutions across the generation, transmission and distribution value chain. Its portfolio includes grid integration, transmission, distribution and automation solutions and a complete range of high voltage products and transformers.

ii) The accounting policies used in the preparation of the financial statements of the Company are also applied for segment reporting.

iii) Segment revenues, expenses, assets and liabilities are those, which are directly attributable to the segment or are allocated on an appropriate basis. Corporate and other revenues, expenses, assets and liabilities to the extent not allocable to segments are disclosed in the reconciliation of reportable segments with the financial statements.

iv) Inter segment transfer pricing

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

- v) Power Grids segment (PG) is considered as discontinued operation and held for sale. Information about the discontinued operation is provided in Note. 32.

vi) Segment Information

(Figures in brackets are in respect of the previous year)

Composition of business segments					(₹ in Crores)
	Power Grids (Discontinued)	Robotics and Motion	Electrification Products	Industrial Automation	Total
External sales (refer note no. 44)	4,117.03 (3,037.71)	2,359.65 (1,836.83)	2,459.50 (2,277.88)	1,487.46 (1,364.44)	10,423.64 (8,516.86)
Inter segment sales	49.95 (41.26)	135.29 (90.44)	119.48 (129.40)	47.88 (41.47)	352.60 (302.57)
Other operating revenue	54.74 (49.90)	7.25 (8.66)	37.09 (31.80)	4.68 (3.27)	103.76 (93.63)
Segment revenues	4,221.72 (3,128.87)	2,502.19 (1,935.93)	2,616.07 (2,439.08)	1,540.02 (1,409.18)	10,880.00 (8,913.06)
Segment results	421.90 (307.99)	220.52 (162.77)	249.58 (281.18)	189.93 (170.03)	1,081.93 (921.97)
Segment assets	2,802.22 (2,511.42)	1,103.53 (1,005.43)	1,471.61 (1,222.52)	1,057.93 (957.15)	6,435.29 (5,696.52)
Segment liabilities	2,122.74 (1,897.44)	827.41 (710.61)	846.49 (698.15)	692.07 (619.93)	4,488.71 (3,926.13)
Depreciation / amortisation	53.02 (56.74)	17.70 (16.87)	31.43 (31.67)	5.31 (5.13)	107.46 (110.41)

vii) Reconciliation of reportable segments with the financial statements

	(₹ in Crores)			
	Revenues	Results / Net profit	Assets	Liabilities
Total segments	10,880.00 (8,913.06)	1,081.93 (921.97)	6,435.29 (5,696.52)	4,488.71 (3,926.13)
Power grids (Discontinued)	4,221.72 (3,128.87)	421.90 (307.99)		
Corporate - unallocated (net)	384.44 (805.87)	(210.99) (222.91)	2,641.61 (3,191.53)	580.87 (1,355.03)
Inter segment sales	352.60 (302.57)	- (-)	- (-)	- (-)
Interest expense	- (-)	(53.90) (57.24)	- (-)	- (-)
Provision for tax	- (-)	(140.95) (108.35)	- (-)	- (-)
As per financial statements	6,690.12 (6,287.49)	254.19 (225.48)	9,076.90 (8,888.05)	5,069.58 (5,281.16)

b) Composition of geographical segments

	(₹ in Crores)		
	India	Rest of world	Total
Segment revenues	5,848.95	841.17	6,690.12
	(5,593.75)	(693.74)	(6,287.49)
Segment non-current assets*	1,147.94	-	1,147.94
	(1,546.20)	(-)	(1,546.20)

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

No customer individually accounted for more than 10% of the revenues from the continuing operations in the year ended December 31, 2018 and 2017.

42 Related party disclosures**a) Parent Company****Party where control exists:**

ABB Limited, Zurich, Switzerland (Ultimate Holding Company)

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

Entities under common control**Name of the Fellow subsidiaries:**

ABB (Asea Brown Boveri), S.A., Oeiras, Portugal	ABB DATONG Traction Transformers Co., Ltd., Datong, China
ABB (China) Ltd., Beijing, China	ABB Dutch L.P. Inc., Wilmington, DE, United States of America
ABB (Hong Kong) Ltd., Hong Kong, Hong Kong	ABB Ecuador S.A., Quito, Ecuador
ABB (Namibia) (Pty) Ltd., Windhoek, Namibia	ABB Electrical Control Systems S. de R.L. de C.V., Monterrey, Mexico
ABB (P.J.S.C.), Teheran, Islamic Republic of Iran	ABB Electrical Equipment (Xiamen) Co., Ltd., Xiamen, China
ABB (Private) Ltd., Harare, Zimbabwe	ABB Electrical Equipment Ltd., Lipetsk, Russian Federation
ABB (Pty) Ltd., Gaborone, Botswana	ABB Electrical Industries Co. Ltd., Riyadh, Saudi Arabia
ABB (Pvt) Ltd., Lahore, Pakistan	ABB Electrical Machines Ltd., Shanghai, China
ABB A/S, Skovlunde, Denmark	ABB Electrical Products (Shanghai) Co., Ltd, Shanghai, China
ABB AB, Västerås, Sweden	ABB Electrification Solutions, S.L.U., Barcelona, Spain
ABB AG, Mannheim, Germany	ABB Elektrik Sanayi A.S., Istanbul, Turkey
ABB AG, Vienna, Austria	ABB Engg. Technologies Co. (KSCC), Safat, Kuwait
ABB Algeria SpA Asea Brown Boveri, Hydra, Algeria	ABB Engineering (Shanghai) Ltd., Shanghai, China
ABB Algerie Produits SpA, Hydra, Algeria	ABB Engineering Trading and Service Ltd., Budapest, Hungary
ABB AS, Billingstad, Norway	ABB Enterprise Software Inc., Atlanta, GA, United States of America
ABB AS, Jüri, Estonia	ABB Enterprise Software Pty Ltd, Brisbane, Queensland, Australia
ABB Augat Europe LLC, Wilmington, DE, United States of America	ABB Enterprise Software UK Limited, Woking, United Kingdom
ABB Ausbildungszentrum Berlin gGmbH, Berlin, Germany	ABB EPT Management Pty Limited, Moorebank, NSW, Australia
ABB Australia Pty Limited, Moorebank, NSW, Australia	ABB Equipo de Control Y Distribucion S. de R.L. de C.V., Mexico, Mexico
ABB Automation GmbH, Mannheim, Germany	ABB Equity Limited, Zurich, Switzerland
ABB Automation Ltd., Warrington, United Kingdom	ABB Equity Ventures B.V., Amsterdam, Netherlands
ABB Automation Products GmbH, Ladenburg, Germany	ABB Finance (Australia) Pty Limited, Moorebank, NSW, Australia
ABB Avangard AD, Sevlievo, Bulgaria	ABB Finance (USA) Inc., Wilmington, DE, United States of America
ABB B.V., Rotterdam, Netherlands	ABB Finance B.V., Rotterdam, Netherlands
ABB Bailey Beijing Engineering Co. Ltd., Beijing, China	ABB Financial Services AB, Västerås, Sweden
ABB Bailey Japan Limited, Shizuoka-Ken, Japan	ABB Finanz AG, Zurich, Switzerland
ABB Bailey Pte. Ltd., Singapore, Singapore	ABB for Electrical Industries (ABB ARAB) S.A.E., Cairo, Egypt
ABB Beijing Drive Systems Co. Ltd., Beijing, China	ABB For Feeding Industries SAE, 10th of Ramadan City, Egypt
ABB Beteiligungs- und Verwaltungsges. mbH, Mannheim, Germany	ABB France, Cergy Pontoise, France
ABB Beteiligungsgesellschaft mbH, Mannheim, Germany	ABB FZ-LLC, Dubai, United Arab Emirates
ABB Beteiligungs-Management GmbH, Mannheim, Germany	ABB Generators Ltd., Nanchang, China
ABB Bulgaria EOOD, Sofia, Bulgaria	ABB Genway Xiamen Electrical Equipment Co. Ltd., Xiamen, China
ABB Business Services GmbH, Heidelberg, Germany	ABB Global Industries and Services Private Limited, Bangalore, India
ABB Business Services Sp. z o.o., Warsaw, Poland	ABB Global Marketing FZ LLC, Dubai, United Arab Emirates
ABB Canada Holding Limited Partnership, Saint-Laurent, Quebec, Canada	ABB gomtec GmbH, Seefeld, Germany
ABB Capital B.V., Rotterdam, Netherlands	ABB Group Holdings Pty. Ltd., Moorebank, NSW, Australia
ABB Chongqing Transformer Company Ltd., Chongqing, China	ABB Group Investment Management Pty. Ltd., Moorebank, NSW, Australia
ABB Combined Heat and Power Ltd., Warrington, United Kingdom	ABB Guangdong Sihui Instrument Transformer Co. Ltd., Sihui, China
ABB Construction (ABACON) S.A.E., Heliopolis, Egypt	ABB Hangzhou Winmation Automation Company Limited, Hangzhou, China
ABB Contracting Company Ltd., Riyadh, Saudi Arabia	ABB Hefei Transformer Co. Ltd., Hefei, China
ABB Contractor Technology LLC., Wilmington, DE, United States of America	ABB High Voltage Switchgear (Xiamen) Company Ltd., Xiamen, China
ABB d.o.o., Belgrade, Serbia	ABB High Voltage Switchgear Co., Ltd. Beijing, Beijing, China

ABB Holding AS, Billingstad, Norway
 ABB Holdings (Pty) Ltd., Longmeadow, South Africa
 ABB Holdings B.V., Rotterdam, Netherlands
 ABB Holdings Inc., Cary, NC, United States of America
 ABB Holdings Limited, Warrington, United Kingdom
 ABB Holdings Pte. Ltd., Singapore, Singapore
 ABB Holdings Sdn. Bhd., Subang Jaya, Malaysia
 ABB Ihracat Ticaret Ve Elektrik Sanayi AS, Istanbul, Turkey
 ABB Immobilien AG, Baden, Switzerland
 ABB Import & Export Services Ltd., Oranjestad/Aruba (NA), Aruba
 ABB Immobilien und Projekte GmbH, Ladenburg, Germany
 ABB Inc., Cary, NC, United States of America
 ABB Inc., Saint-Laurent, Quebec, Canada
 ABB Industrial and Building Syst. Sdn. Bhd., Subang Jaya, Malaysia
 ABB Industrial Connections and Solutions Produtos, Equipamentos e Servicos para Eletricacao Ltda., Contagem, Brazil
 ABB Industrial Contracting Sdn. Bhd., Subang Jaya, Malaysia
 ABB Industrial Solutions (Australia) Pty Ltd, Burnley, Victoria, Australia
 ABB Industrial Solutions (Belgium) BVBA, Gent, Belgium
 ABB Industrial Solutions (Bielsko-Biala) Sp. zoo, Bielsko-Biala, Poland
 ABB Industrial Solutions (Canada) Inc., Burlington, Ontario, Canada
 ABB Industrial Solutions (Finland) Oy, Helsinki, Finland
 ABB Industrial Solutions (France) SAS, Boulogne-Billancourt, France
 ABB Industrial Solutions (Klodzko) Sp.z.o.o., Klodzko, Poland
 ABB Industrial Solutions (Lodz) S.A., Lodz Lodzkie, Poland
 ABB Industrial Solutions (Switzerland) SA, Riazzino, Switzerland
 ABB Industries (L.L.C.), Dubai, United Arab Emirates
 ABB Industries FZ, Dubai, United Arab Emirates
 ABB Information Systems Ltd., Zurich, Switzerland
 ABB Installációs Készülékek Kft., Kecskemét, Hungary
 ABB Installation Materials (East Asia) Pte. Ltd., Singapore, Singapore
 ABB Installation Productions Mexico LLC, Wilmington, DE, United States of America
 ABB Installation Products Caribe Corp., Wilmington, DE, United States of America
 ABB Installation Products Caribe LLC, Vega Baja, PR, Puerto Rico
 ABB Installation Products Division Mexico, S. de R.L. de C.V., Monterrey Mexico, Mexico
 ABB Installation Products Europe Inc, Wilmington, DE, United States of America
 ABB Installation Products Inc, Memphis, TN, United States of America
 ABB Installation Products International LLC., Wilmington, DE, United States of America
 ABB Installation Products Limited, London, United Kingdom
 ABB Installation Products Ltd., Saint-Jean-sur-Richelieu, Quebec, Canada
 ABB Installation Products Monterrey, S. de R.L. de C.V., Monterrey Mexico, Mexico
 ABB Installation Products Procesos De Manufactura, S. de R.L. de C.V., Monterrey Mexico, Mexico
 ABB Instrumentation Ltd., Warrington, United Kingdom
 ABB Instrumentation S.p.a. in liquidazione, Milan, Italy
 ABB International Holding C.V., Rotterdam, Netherlands
 ABB International Marketing Ltd in liquidation, Zurich, Switzerland
 ABB Intra AG, Baden, Switzerland
 ABB Investment Holding GmbH, Zurich, Switzerland
 ABB Investments (Pty) Ltd, Modderfontein, South Africa
 ABB Investments B.V., Rotterdam, Netherlands
 ABB Investments Ltd., Warrington, United Kingdom
 ABB Inzeniring d.o.o., Ljubljana, Slovenia
 ABB Jiangjin Turbo Systems Company Limited, Chongqing, China
 ABB Jiangsu Jingke Instrument Transformer Co., Ltd., Suqian, Jiangsu, China
 ABB K.K., Tokyo, Japan
 ABB Kaufel GmbH, Berlin, Germany
 ABB Lafrenze Property Limited, Windhoek, Namibia
 ABB Limitada, Maputo, Mozambique
 ABB Limited, Auckland, New Zealand
 ABB LIMITED, Bangkok, Thailand
 ABB Limited, Dar Es Salaam, United Republic of Tanzania
 ABB Robotics Machine Tending Limited , Rayong Province, Thailand
 ABB Limited, Dublin, Ireland
 ABB Limited, Nairobi, Kenya
 ABB Limited, Warrington, United Kingdom
 ABB Limited/Jordan LLC., Amman, Jordan
 ABB Lineage Power Mexico, S. de R.L. de C.V., Mexico, Mexico
 ABB LLC, Doha, Qatar
 ABB LLC, Muscat, Oman
 ABB LLP., Almaty, Kazakhstan
 ABB Logistics Center Europe GmbH, Menden, Germany
 ABB Ltd., Hanoi, Viet Nam
 ABB Ltd., Kampala, Uganda
 ABB Ltd., Kiev, Ukraine
 ABB Ltd., Lusaka, Zambia
 ABB Ltd., Moscow, Russian Federation
 ABB Ltd., Republic of Seoul, Korea
 ABB Ltd., Taipei, Taiwan, Province of China
 ABB Ltd., Zagreb, Croatia
 ABB Ltda., Bogotá, Colombia
 ABB Ltda., São Paulo, Brazil
 ABB LV Installation Materials Co. Ltd. Beijing, Beijing, China
 ABB Maghreb Services S.A., Tunis, Tunisia
 ABB Malaysia Sdn Bhd., Subang Jaya, Malaysia
 ABB Management Holding Ltd., Zürich, Switzerland
 ABB Management Services Ltd., Zurich, Switzerland
 ABB Mexico S.A. de C.V., San Luis Potosi SLP, Mexico
 ABB Motion Limited, Bristol, United Kingdom
 ABB Motors & Mechanical (Canada) Inc., Saint-Laurent, Quebec, Canada
 ABB Motors and Mechanical Inc, Fort Smith, AR, United States of America
 ABB N.V., Zaventem, Belgium
 ABB Near East Trading Ltd., Amman, Jordan
 ABB Norden Holding AB, Västerås, Sweden
 ABB OGP LIMITED, Lagos, Nigeria
 ABB Operations Center Ltd., Kaliningrad, Russian Federation
 ABB Oryx Motors and Generators Service LLC, Doha, Qatar
 ABB Oy, Helsinki, Finland
 ABB Patent GmbH, Ladenburg, Germany
 ABB Petroleum Technology S.A.E., Cairo, Egypt
 ABB Power & Automation (Private) Limited, Lahore, Pakistan
 ABB Power & Automation Limited, Accra, Ghana
 ABB Power and Automation Systems Ltd., Cheboksary, Russian Federation
 ABB Power Electronics (Germany) GmbH, Unterhaching, Germany
 ABB Power Electronics (Singapore) Pte. Ltd., Singapore, Singapore
 ABB Power Protection II LLC., Wilmington, DE, United States of America
 ABB Power Protection LLC, Wilmington, DE, United States of America
 ABB Power Protection SA, Gambarogno, Switzerland
 ABB Power T&D Ltd., Aberdeen, United Kingdom
 ABB Pte. Ltd., Singapore, Singapore
 ABB Reinsurance AG, Zurich, Switzerland
 ABB Research Ltd., Zurich, Switzerland
 ABB Robotics (Zhuhai) Ltd, Zhuhai, China
 ABB S.A. (in Liquidation), Luxembourg, Luxembourg
 ABB Limited, Dhaka, Bangladesh
 ABB S.A., Buenos Aires, Argentina
 ABB S.A., Casablanca, Morocco
 ABB S.A., Lima, Peru
 ABB S.A., Panama, Panama
 ABB S.A., Santiago, Chile
 ABB S.p.A., Milan, Italy
 ABB s.r.o., Prague, Czech Republic
 ABB SARL, Kinshasa Gombe, Democratic Republic of the Congo
 ABB SAS, Cergy Pontoise, France
 ABB SAS, New Caledonia, New Caledonia
 ABB Schweiz AG, Baden, Switzerland
 ABB Sécheron S.A., Satigny, Switzerland
 ABB Service Limited, Warrington, United Kingdom

ABB Service Pty Ltd., Moorebank, NSW, Australia
 ABB Shanghai Free Trade Zone Industrial Co., Ltd., Shanghai, China
 ABB Shanghai Motors Co. Ltd., Shanghai, China
 ABB Shanghai Power System Engineering Co., Ltd., Shanghai, China
 ABB Shanghai Transformer Co. Ltd., Shanghai, China
 ABB Shenzhen New Energy System Co., Ltd., Shenzhen, China
 ABB SIA, Riga, Latvia
 ABB Sifang Power System Co. Ltd., Beijing, China
 ABB Silver Star Shenzhen Surge Arrestor Co., Ltd., Guangdong, China
 ABB Solar GmbH, Emmendingen, Germany
 ABB Sole Company Limited, Vientiane, Lao People's Democratic Republic
 ABB South Africa (Pty) Ltd., Longmeadow, South Africa
 ABB Sp. z o.o., Warsaw, Poland
 ABB SRL, Bucharest, Romania
 ABB Stotz-Kontakt GmbH, Heidelberg, Germany
 ABB Striebel & John GmbH, Sasbach, Germany
 ABB Substations Contracting (Thailand) Ltd., Bangkok, Thailand
 ABB Substations Contracting India Private Limited, Bengaluru, India
 ABB Supply Operations Ltd., Baden, Switzerland
 ABB Susa Inc., Cary, NC, United States of America
 ABB TBC88 Ltd, Zurich, Switzerland
 ABB Technologies Ltd., Haifa, Israel
 ABB Technologies S.A., Dakar, Senegal
 ABB Technologies W.L.L., Bahrain, Bahrain
 ABB Technology Oy, Helsinki, Finland
 ABB Technology SA, Abidjan, Cote d'Ivoire
 ABB Tecnologias S.A. de C.V., San Luis Potosi, Mexico
 ABB Tianjin Switchgear Co., Ltd., Tianjin, China
 ABB Training Center GmbH & Co. KG, Heidelberg, Germany
 ABB Transformers S.A.E., El-Nozha El-Gedida, Egypt
 ABB Transmission & Distribution Limited LLC, Abu Dhabi, United Arab Emirates
 ABB Treasury Center (USA), Inc., Wilmington, DE, United States of America
 ABB Turbo Systems (Hong Kong) Limited, Hong Kong
 ABB Turbo Systems AG, Baden, Switzerland
 ABB Turbo Systems Holding Ltd., Baden, Switzerland
 ABB Turbochargers S.A.E., Suez, Egypt
 ABB UAB, Avizieniai, Lithuania
 ABB Unterstuetzungseinrichtung GmbH in Mannheim, Mannheim, Germany
 ABB Verwaltungs AG, Zurich, Switzerland
 ABB Wirtschaftsbetriebe GmbH, Mannheim, Germany
 ABB S.A. de CV, San Salvador, El Salvador
 ABB Xiamen Corporation Management Service Co., Ltd., Xiamen, China
 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 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
 Acosense AB, Gothenburg, Sweden
 Aker Arctic Technology Oy, Helsinki, Finland
 Aktiebolaget Rotech, c/o ABB AB, 721 83 Västerås, Sweden
 Ambi-Rad Beijing Co. Limited, London, United Kingdom
 Ambi-Rad Energy Ltd., London, United Kingdom
 Apisoi Service S.p.A. in liquidazione, Falconara Marittima, Italy
 Aquamarine Power Inc., Edinburgh, United Kingdom
 Arkad-ABB S.p.A., Milan, Italy
 ASEA AB, Västerås, Sweden
 Asea Brown Boveri Electrica SGPS (Angola) Limitada, Luanda, Angola
 Asea Brown Boveri Holding Ltd., Bangkok, Thailand
 Asea Brown Boveri Industrial, Technical & Commercial Company of Imports – Exports S.A., Metamorphosis Attica, Greece
 Asea Brown Boveri Lanka (Private) Limited, Colombo, Sri Lanka
 Asea Brown Boveri LLC, Minsk, Belarus
 Asea Brown Boveri Ltd., Moka, Mauritius
 Asea Brown Boveri Ltda., La Paz, Plurinational State of Bolivia
 Asea Brown Boveri S.A. de C.V., San Luis Potosi SLP, Mexico
 Asea Brown Boveri S.A., Caracas, Bolivarian Republic of Venezuela
 Asea Brown Boveri S.A., Douala, Cameroon
 Asea Brown Boveri S.A., Madrid, Spain
 Asea Brown Boveri S.A.E., Cairo, Egypt
 Asmaco Inc., Paranaque, Metro Manila, Philippines
 Automata Technologies Limited, London, United Kingdom
 B & R Automazione Industriale S.r.l., Passirana di Rho (Mi), Italy
 B & R Industrial Automation Ltd., Peterborough, United Kingdom
 B&R Automação Industrial Ltda., Campinas, Brazil
 B&R Automation Industrielle SARL, Saint-Priest, France
 B&R automatizace, spol. s.r.o., Brno, Czech Republic
 B&R Automatyka Przemyslowa Sp.z.o.o., Poznan, Poland
 B&R Holding GmbH, Eggelsberg, Austria
 B&R Industrial Automation (China) Co., Ltd., Shanghai, China
 B&R Industrial Automation Co., Ltd., Anyang-si, Republic of Korea
 B&R Industrial Automation Corp., Roswell, GA, United States of America
 B&R Industrial Automation GmbH, Eggelsberg, Austria
 B&R Industrial Automation Iberica S.L., Sant Cugat del Vallès, Spain
 B&R Industrial Automation Inc., Mississauga, Canada
 B&R Industrial Automation K.K., Yokohama, Japan
 B&R Industrial Automation Pte. Ltd., Singapore, Singapore
 B&R Industrial Automation Pvt. Ltd., Pune, India
 B&R Industrial Automation, OOO, Moscow, Russian Federation
 B&R Industriautomation AB, Malmö, Sweden
 B&R Industriautomatisering A/S, Odense, Denmark
 B&R Industrie-Automation AG, Frauenfeld, Switzerland
 B&R Industrie-Elektronik GmbH, Bad Homburg, Germany
 B&R Industriële Automatisering B.V., Breda, Netherlands
 Babcock Australia Pty Limited, Moorebank, NSW, Australia
 Basic Incorporated, Norwalk, CT, United States of America
 BR Endüstriyel Otomasyon Sanayi ve Ticaret Limited Sirketi, Istanbul, Turkey
 Busch-Jaeger Elektro GmbH, Lüdenscheid, Germany
 Cable Management Products Ltd., London, United Kingdom
 Camelot IS-2 International, Inc. D/B/A Skyva International, Wickliffe, United States of America
 Cherokee India Pvt. Ltd., Mumbai, India
 China Environment Fund IV LP, Beijing, China
 Chongqing XiTong Electric Co., Ltd., Chongqing, China
 Citeq Inc., St. Laurent, Quebec, Canada
 ClearSky Power & Technology Fund I International Ltd., Florida, United States of America
 Colinx, LLC, Crossville, TN, United States of America
 Combustion Engineering Inc., Norwalk, CT, United States of America
 Congruent Ventures GP, LLC, San Francisco, United States of America
 Consenec AG, Baden, Switzerland
 Daewoo Power India Ltd., New Delhi, India
 Drilling Technical Supply S.A., BRY SUR MARNE, France
 Dynamotive Limited, Warrington, United Kingdom
 Edison Holding Corporation, Wilmington, DE, United States of America
 EIE 2 AS, Billingstad, Norway
 Elastimold Egypt JV, New Cairo, Egypt
 Electrical Materials Center Co. Ltd, Riyadh, Saudi Arabia
 Emerald Cleantech Fund III LP, St. Peter's Port, Guernsey
 G2VP LLC, Menlo Park, California, United States of America
 GE Power Electronics, Inc., Cary, NC, United States of America
 GE Zenith Controls, Inc., Cary, NC, United States of America
 Gratte Barrett & Wright Ltd., London, United Kingdom
 Great Pond Village, LLC, Concord, MA, United States of America
 Hartmann & Braun Grundstücksverwaltungs GmbH, Mannheim, Germany
 Hitachi ABB HVDC Technologies, Ltd, Tokyo, Japan
 IMV (Deutschland) GmbH, Neumunster, Germany
 IMV Invertomatic Victron UK Limited, Leicester, United Kingdom
 IMV Nederlands B.V., Amstelveen, Netherlands

Industrial C&S Germany GmbH, Frankfurt Am Main, Germany
 Industrial C&S GmbH, Vienna, Austria
 Industrial C&S Hungary Kft., Budapest, Hungary
 Industrial C&S Italy S.r.l., Agrate Brianza, Italy
 Industrial C&S of P.R. LLC, San Juan, Puerto Rico
 Industrial Connections & Solutions LLC, Cary, NC, United States of America
 Industrial Connections & Solutions LLC, Delaware, United States of America
 Industrial Connections of SA Pty. Ltd., Sandton, South Africa
 Industriqompetens Västra Mälardalen, Skultuna, Sweden
 Intermagnetics Srl, Milan, Italy
 Intrimmo BVBA, Huizingen, Belgium
 Intrion BV, Hillegom, Netherlands
 PT ABB Batam, Batam, Indonesia
 PT ABB Jasa Indonesia, Jakarta, Indonesia
 PT ABB Sakti Industri, Jakarta, Indonesia
 Iraq Technology for Advanced Energy LLC, Baghdad, Iraq
 Italtrasfo Srl in liquidazione, Milan, Italy
 Kaufel S.A., Piffonds, France
 KEC Acquisition Corporation, Versailles, KY, United States of America
 Kent Meters (Thailand) Ltd., Bangkok, Thailand
 Kheops PVT Limited, London, United Kingdom
 Kuhlman Electric Corporation, Crystal Springs, MS, United States of America
 Lamson & Sessions, Ltd., Toronto, Ontario, Canada
 LCP-Life Cycle Profit AB, Västerås, Sweden
 Lineage Overseas LLC, Delaware, United States of America
 Lineage Power (Argentina) S.R.L., Buenos Aires, Argentina
 Lineage Power (Luxembourg) S.A.R.L., Luxembourg, Luxembourg
 Lineage Power China Co. Ltd., Shanghai, China
 Lineage Power Holdings, Inc., Delaware, United States of America
 Lineage Power Matamoros, S.A. de C.V., Tamaulipas, Mexico
 Local Consolidation Entries (Germany), Mannheim, Germany
 Maska Power Transmission (Changzhou) Co.Ltd., Changzhou, China
 Mincom Inc Ltd, Hong Kong, Hong Kong
 Mincom Inc, Manila, Philippines
 Mincom International (Thailand) Ltd, Bangkok, Thailand
 Mincom Professional Services Pty Ltd, Brisbane, Queensland, Australia
 Monterrey Power, S.A. de C.V., Mexico, Mexico
 mozaik operations GmbH, Muenchen, Germany
 Nanjing SAC Automation Co. Ltd., Jiangsu, China
 Newave Electronics SRL in Liquidazione, Milan, Italy
 Newave Energy India Private Ltd., Mumbai, India
 Northern Magnetics Inc., Fort Smith, AR, United States of America
 Odink & Koenderink B.V., Haaksbergen, Netherlands
 Oy Merinova Ab, Vaasa, Finland
 Oy Wedeco Ab, Vaasa, Finland
 Parking Neu-Oerlikon AG, Zurich, Switzerland
 PMA Italia S.R.L. in liquidazione, Paderno Dugnano (MI), Italy
 Power Asset Development Company Ltd., London, United Kingdom
 Power Controls Egypt, Cairo, Egypt
 Power-One Energy Solutions Sdn Bhd, Kuala Lumpur, Malaysia
 Power-One Italy S.p.A., Terranuova Bracciolini (AR), Italy
 Power-One Renewable Energy International, B.V., Rotterdam, Netherlands
 Power-One Renewable Energy Solutions Asia Pacific LLC, Wilmington, DE, United States of America
 Power-One Renewable Energy Solutions India Private Limited, Mumbai, India
 Power-One Renewable Energy Solutions Israel Ltd., Hifa, Israel
 Power-One Renewable Energy Solutions LLC, Wilmington, DE, United States of America
 Power-One Renewable Energy Solutions South Africa Pty. Ltd., Cape Town, South Africa
 Power-One, Inc, Wilmington, DE, United States of America
 Powertel India Pvt. Ltd., Mumbai, India
 Presize NV, Huizingen, Belgium
 Productos de Control S. de R.L. de C.V., Nogales, Mexico
 PT ABB Bailey, Jakarta, Indonesia
 Pucaro Elektro-Isolierstoffe GmbH, Roigheim, Germany
 PWO Holdings B.V., Rotterdam, Netherlands
 Reliance Electric Company, Fort Smith, AR, United States of America
 REXEL Arabia Electrical Supplies LLC, Riyadh, Saudi Arabia
 Saudi Industrial Solutions Ltd., Riyadh, Saudi Arabia
 Saudi SAE Technical Construction Co. Ltd., Riyadh, Saudi Arabia
 Shanghai ABB Breakers Co., Ltd., Shanghai, China
 Shanghai ABB Guandong Electric Co., Ltd., Shanghai, China
 Shanghai ABB Power Transmission Company Ltd., Shanghai, China
 Shantou Winride Switchgear Co., Ltd., Longhu District Shantou, China
 Solum Grundstücks-vermietungsges. mbH & Co. Objekt Dresden KG, Duesseldorf, Germany
 Sucursal Panama de ABB SA, Panama, Panama
 SynerLeap powered by ABB AB, Västerås, Sweden
 Thomas & Betts (Australasia) Pty. Ltd., Lidcombe, NSW, Australia
 Thomas & Betts Asia (Singapore) Pte. Ltd., Singapore, Singapore
 Thomas & Betts European Centre S.A., Houdeng Goegnies, Belgium
 Thomas & Betts Italy Sales S.r.l in liquidazione, Milan, Italy
 Thomas & Betts Saudi Arabia Limited Liability Co., Dammam, Saudi Arabia
 Trasfor SA, Monteggio, Switzerland
 Turbo Systems United Co. Ltd., Tokyo, Japan
 UK Power Networks Services Powerlink Limited, London, United Kingdom
 Västerås Science Park AB, Västerås, Sweden
 Ventyx (Pty) Ltd, Lombardy East, Gauteng, South Africa
 Ventyx Data Services South Africa (Proprietary) Limited, Gauteng, South Africa
 Ventyx Dutch Holdings B.V., Amsterdam, Netherlands
 Ventyx International Pty Ltd, Brisbane, Queensland, Australia
 Ventyx Managed Services Pty Ltd, Brisbane, Queensland, Australia
 Ventyx Pty Ltd, Luton, Bedfordshire, United Kingdom
 Ventyx Services Pty Ltd, Luton, Bedfordshire, United Kingdom
 Ventyx Shared Services (Malaysia) Sdn Bhd, Kuala Lumpur, Malaysia
 Verdi Holding Corporation, Wilmington, DE, United States of America
 W.J. Furse & Co. Ltd., London, United Kingdom
 Westly Capital Partners Fund III, L.P., Menlo Park, CA 94025, United States of America
 Winfield Business Park, LLC, Windsor, CT, United States of America
 Yangzhou SAC Switchgear Co., Ltd, Yangzhou, China

Key Managerial Personnel :

(a) Managing Director

(b) Non-Executive cum Independent Directors

(c) Non-Executive Directors

(d) Chief Financial Officer

(e) Company Secretary

Sanjeev Sharma

Nasser Munjee

Darius E. Udewadia

Renu Sud Karnad

Frank Duggan (upto February 8, 2018)

J C Deslarzes (w.e.f February 8, 2018)

Tarak Mehta

T. K. Sridhar

B. Gururaj

	(₹ in Crores)	
	2018	2017
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	8.25	10.34
Fellow Subsidiaries		
- ABB Schweiz AG, Baden, Switzerland	78.98	98.24
- Other fellow subsidiaries	852.68	733.78
	931.66	832.02
	939.91	842.36
ii) Purchases of raw materials, components , project items and traded goods		
Fellow Subsidiaries		
- ABB Oy, Helsinki, Finland	419.83	287.51
- ABB AB, Västerås, Sweden	319.50	159.04
- ABB Pte. Ltd., Singapore	241.19	183.98
- Other fellow subsidiaries	1,600.90	994.93
	2,581.42	1,625.46
iii) Expenditure on ESAP charges		
Fellow Subsidiaries		
- ABB ESAP Limited, St. Peters' Port, Guernsey	0.09	0.76
iv) Expenditure on royalty, technology and trade-mark fees		
Holding Company	112.75	101.31
Fellow Subsidiaries		
- ABB Schweiz AG, Baden, Switzerland	327.69	263.40
- Other fellow subsidiaries	16.41	21.90
	344.10	285.30
	456.85	386.61
v) Expenditure on information technology, engineering, management and other services		
Holding Company	12.33	14.15
Fellow Subsidiaries		
- ABB Information Systems Ltd., Zurich, Switzerland	136.48	89.46
- ABB Global Industries and Services Private Limited, Bengaluru, India	99.52	40.08
- ABB Management Services Ltd., Zurich, Switzerland	71.81	75.82
- Other fellow subsidiaries	111.24	95.46
	419.05	300.82
	431.38	314.97
vi) Expenses recovered from group companies		
Holding Company	-	0.20
Fellow Subsidiaries		
- ABB Substations Contracting India Private Limited, Bengaluru, India	13.99	-
- ABB AB, Västerås, Sweden	7.77	6.41
- ABB Management Services Limited, Zurich, Switzerland	7.76	2.98
- ABB Global Industries and Services Private Limited, Bengaluru, India	4.76	1.44
- ABB Schweiz AG, Baden, Switzerland	0.96	1.78
- Other fellow subsidiaries	11.30	4.66
	46.54	17.27
	46.54	17.47

	(₹ in Crores)	
	2018	2017
vii) Capital expenditure for technical know-how		
Fellow Subsidiaries		
- ABB Electrical Machines Ltd., Shanghai, China	-	0.71
	-	0.71
viii) Other capital expenditure		
Fellow Subsidiaries		
- ABB AS, Jüri, Estonia	4.50	1.92
- ABB Beijing Drive Systems Co. Ltd., Beijing, China	2.95	-
- ABB Schweiz AG, Baden, Switzerland	0.86	2.58
- ABB Global Industries and Services Private Limited, Bengaluru, India	1.80	0.18
- ABB AB, Västerås, Sweden	1.65	0.89
- Other fellow subsidiaries	3.74	1.65
	15.50	7.22
ix) Interest Expenses		
Fellow Subsidiaries		
- ABB Capital B.V., Rotterdam, Netherlands.	28.59	41.86
x) Dividend paid during the year		
Holding Company	64.41	58.55
Fellow Subsidiaries	5.52	5.02
	69.93	63.57
xi) Repayment of borrowings		
Fellow Subsidiaries		
- ABB Capital B.V., Rotterdam, Netherlands.	600.00	-
xii) Remuneration to key managerial personnel		
The remuneration of key management personnel and a relative of key management personnel of the company are set out below in aggregate for each of the categories specified in Ind AS 24 Related party disclosures		
Particulars		
Short term employee benefits	8.28	8.14
Post employment benefits#	0.39	0.36
Directors' Sitting fees	0.07	0.07
Commission to Directors	0.91	0.95
Total	9.65	9.52
# Does not include gratuity and compensated absences as these are provided in the books of accounts on the basis of actuarial valuation for the company as a whole and hence individual amount cannot be determined		
xiii) Pursuant to discontinuance of EPC business pertaining to turn-key substations, the Company has sold the following to ABB Substations Contracting India Private Limited		
(a) Current assets and liabilities (net) having carrying amount of ₹ 19.50 Crores for a consideration of ₹ 19.50 Crores		
(b) Revenue contracts for a consideration of ₹ 10.50 Crores		
c) Amount due to / from related parties		
Balances in excess of 10% with a fellow subsidiary has been individually disclosed below. All other cases have been grouped and disclosed as, other fellow subsidiaries.		
i) Trade receivables		
Holding Company	-	0.01
Fellow Subsidiaries		
- ABB Schweiz AG, Baden, Switzerland	16.52	23.58
- Other fellow subsidiaries	247.55	200.97
	264.07	224.55
	264.07	224.56
- Add/ (Less) : Impact of foreign currency restatement	(2.61)	(0.36)
	261.46	224.20

	(₹ in Crores)	
	2018	2017
ii) Other financial assets		
Holding Company	0.79	2.40
Fellow Subsidiaries		
- ABB Schweiz AG, Baden, Switzerland	9.79	16.48
- ABB Substations Contracting India Private Limited, Bengaluru, India	6.82	-
- ABB Global Industries and Services Private Limited, Bengaluru, India	3.15	7.19
- Other fellow subsidiaries	10.12	7.69
	29.88	31.36
	30.67	33.76
- Add/ (Less) :Impact of foreign currency restatement	(0.02)	0.16
	30.65	33.92
iii) Other current assets		
Fellow Subsidiaries		
- ABB Oy, Helsinki, Finland	8.23	14.06
- ABB Substations Contracting India Private Limited, Bengaluru, India	4.20	-
- ABB AB, Västerås, Sweden	2.17	13.98
- Other fellow subsidiaries	0.99	5.97
	15.59	34.01
- Add/ (Less) :Impact of foreign currency restatement	0.20	(0.24)
	15.79	33.77
iv) Trade payables		
Fellow Subsidiaries		
- ABB AB, Västerås, Sweden	190.82	236.96
- ABB Oy, Helsinki, Finland	129.78	87.59
- ABB Schweiz AG, Baden, Switzerland	97.23	85.82
- Other fellow subsidiaries	561.51	406.12
	979.34	816.49
- Add/ (Less) :Impact of foreign currency restatement	(15.26)	(1.59)
	964.08	814.90
v) Other financial liabilities		
Holding Company	49.47	25.81
Fellow Subsidiaries		
- ABB Global Industries and Services Private Limited, Bengaluru, India	17.37	18.81
- ABB Schweiz AG, Baden, Switzerland	1.07	21.58
- Other fellow subsidiaries	37.26	19.18
	55.70	59.57
	105.17	85.38
- Add/ (Less) :Impact of foreign currency restatement	0.48	(0.06)
	105.65	85.32
vi) Other current liabilities		
Fellow Subsidiaries		
- ABB Substations Contracting India Private Limited, Bengaluru, India	11.02	-
- ABB Schweiz AG, Baden, Switzerland	9.57	0.05
- ABB SRL, Bucharest, Romania	2.72	2.67
- ABB Industries FZ, Dubai, United Arab Emirates	1.10	2.01
- Other fellow subsidiaries	10.20	5.53
	34.61	10.26
- Add/ (Less) :Impact of foreign currency restatement	0.06	(0.03)
	34.67	10.23

	(₹ in Crores)	
	2018	2017
vii) Interest accrued but not due		
Fellow Subsidiaries		
- ABB Capital B.V., Rotterdam, Netherlands	-	3.16
viii) Borrowings outstanding		
Fellow Subsidiaries		
- ABB Capital B.V., Rotterdam, Netherlands	-	600.00

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

43 Construction contracts

	(₹ in Crores)	
	2018	2017
Contract revenue recognised for the financial year	2,814.78	2,223.18
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all the contracts in progress up to the reporting date	9,323.04	9,068.88
Amount of customer advances outstanding for contracts in progress	435.34	580.73
Amount of retentions due from customers for contracts in progress	567.81	656.47
Amount due from customers for contracts in progress	662.21	1,129.40
Amount due to customers for contracts in progress	324.93	203.63
Contingent liabilities and contingent assets	-	-

Includes discontinued operations related.

44 The Company is liable to Goods and Service Tax ('GST') with effect from 1st July 2017. The revenues for the period 1st July 2017 to 31st December 2017 and revenues for the year ended 31st December 2018 is exclusive of excise duty. However, revenues for the period 1st January 2017 to 30th June 2017 are inclusive of excise duty.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Amit Somani
Partner
Membership no.: 060154
Bengaluru, March 1, 2019

For and on behalf of the Board
J C Deslarzes (DIN-08064621)
Sanjeev Sharma (DIN-07362344)
Nasser Munjee (DIN-00010180)
T. K. Sridhar
B. Gururaj (FCS-2631)

Bengaluru, March 1, 2019

Chairman
Managing Director
Director
Chief Financial Officer
Company Secretary