



Strengthening the foundations for growth

ABB Limited, India - Annual Report 2010

Power and productivity
for a better world™

ABB

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ABB Limited

Board of Directors

Gary Steel, Chairman
Bazmi R. Husain, Managing Director (w.e.f. 01.01.2011)
Biplab Majumder, Vice Chairman &
Managing Director (upto 31.12.2010) and
Director (w.e.f. 01.01.2011)
N.S. Raghavan
Nasser Munjee
D.E. Udwadia
Arun Kanti Dasgupta
Peter Leupp
Francis Duggan

Company Secretary

B. Gururaj

Corporate Management Committee

Bazmi R. Husain
Amlan Datta Majumdar
B. Gururaj
GNV Subba Rao
Juliane Lenzner
Madhav Vemuri
N. Venu
Pitamber Shivnani
Prakash Nayak
R. Narayanan
Raja Radhakrishnan
Ranjan De
S. Karun
Tommy Andreasson

Bankers

AXIS Bank Ltd
Canara Bank
Citibank N.A.
DBS Bank Ltd.
Deutsche Bank AG
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
State Bank of India
Standard Chartered Bank
The Hongkong & Shanghai Banking Corporation Limited
The Royal Bank of Scotland N.V.
Union Bank of India
YES BANK Ltd.

Auditors

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

Registered Office

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

Registrar and Share Transfer Agents

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

5 Year Highlights

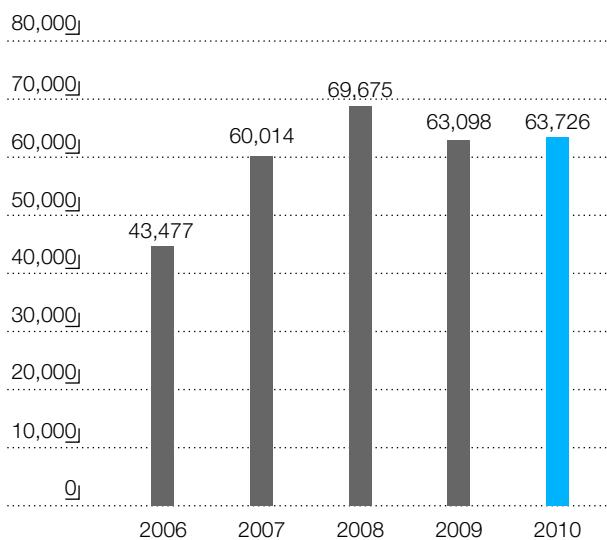
(Rs in Millions)

Description	2010	2009	2008	2007	2006
Sources of Funds					
Share Capital	423.8	423.8	423.8	423.8	423.8
Reserves	23,813.2	23,673.5	20,622.9	15,694.2	11,386.5
Net Worth	24,237.0	24,097.3	21,046.7	16,118.0	11,810.3
Borrowings	-	-	0.2	5.6	15.5
Funds Employed	24,237.0	24,097.3	21,046.9	16,123.6	11,825.8
Income and Profits					
Sales & Other Income	63,726.3	63,097.7	69,674.5	60,013.6	43,477.0
Operating Profit Before Interest and Depreciation	1,692.8	6,012.9	9,024.6	8,005.7	5,504.0
Profit Before Tax	1,002.3	5,274.0	8,332.4	7,564.6	5,232.1
Tax	370.0	1,727.6	2,858.3	2,647.9	1,829.0
Profit After Tax	632.3	3,546.4	5,474.1	4,916.7	3,403.1
Dividend / Dividend Tax	492.6	495.8	545.4	558.0	483.3
Retained Earnings	139.7	3,050.6	4,928.7	4,358.7	2,919.8
Other Data					
Gross Fixed Assets	10,555.4	9,754.6	8,838.5	6,627.1	5,190.0
Debt Equity Ratio	0.00:1	0.00:1	0.00:1	0.00:1	0.01:1
Net Worth Per Equity Share - Rs	114.4	113.7	99.3	76.1	55.7
Earnings Per Equity Share - Rs	3.0	16.7	25.8	23.2	16.1
Dividend Per Equity Share - Rs	2.0	2.0	2.2	2.2	2.0
Profit After Taxes as % to Average Net Worth	2.6	15.7	29.5	35.2	32.9

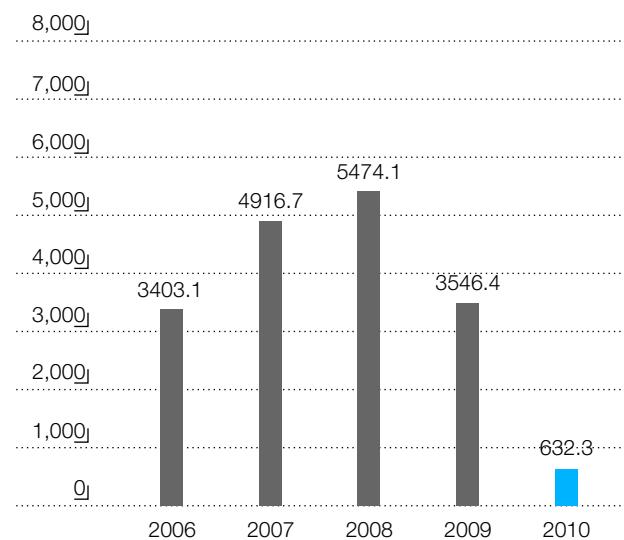
Note : Excludes revaluation of fixed assets and revaluation reserve.

5 Year Highlights

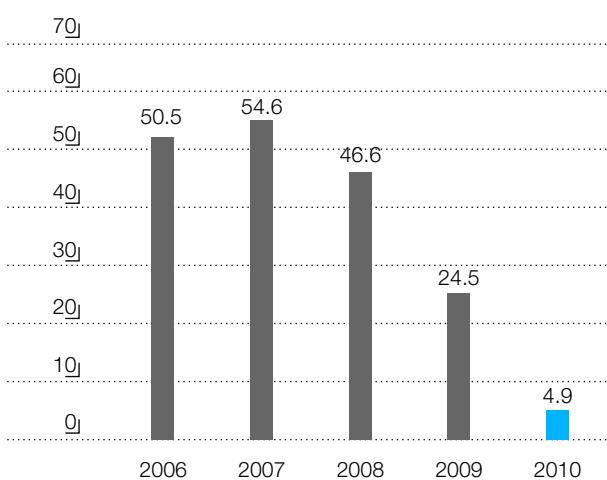
Revenues (Rs in Millions)



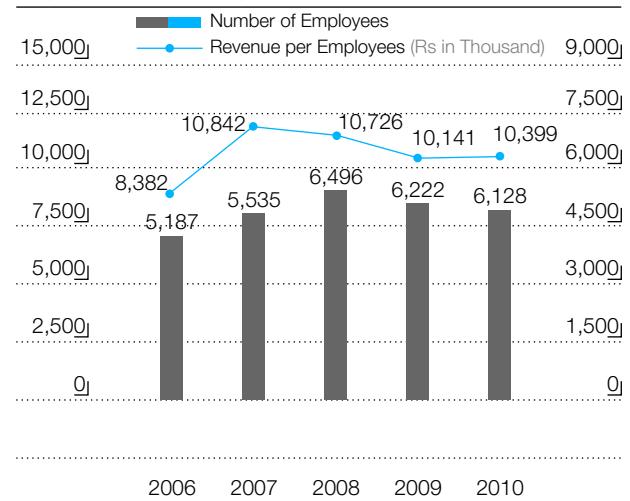
Profit After Tax (Rs in Millions)



Return on Capital Employed (%)



Employees & Productivity



Note: Excludes revaluation of fixed assets and revaluation reserve.

This is ABB

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

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

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

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

Corporate Management Committee



Bazmi R. Husain
Country Manager & Managing Director



Amlan Datta Majumdar
Chief Financial Officer



Raja Radhakrishnan
Head - Human Resources



B. Gururaj
Company Secretary



Juliane Lenzner
Head - Corporate Communications &
Investor Relations



N. Venu
Head - Sales & Marketing



S. Karun
Head - Service & EHS



Ranjan De
Head - Institutional Sales



Madhav Vemuri
Head - Corporate Research



GNV Subba Rao
Head - Process Automation



Pitamber Shivnani
Head - Power Products



Prakash Nayak
Head - Power Systems



Tommy Andreasson
Head - Low Voltage Products



R. Narayanan
Head - Discrete Automation & Motion



ABB in India

ABB's operations in India are in excess of one billion US dollars and the company has 14 manufacturing facilities and over 8000 employees in the country. ABB has an extensive countrywide presence with around 23 marketing offices, 8 service centers, 3 logistics warehouses and a network of over 550 channel partners.

The company's technology strengths, wide offering portfolio and unique ability to package solutions and provide a single window approach to verticals continue to be a key differentiator. While the top-line grows as we create value for customers, focus on productivity, operational efficiencies and working capital management continues to ensure profitability.

ABB continues to bring value to customers in India through leading edge technologies, domain expertise and project execution abilities. India is the largest engineering design and R&D resource base for ABB Group worldwide.

Notice to the Members

NOTICE is hereby given that the **SIXTY FIRST ANNUAL GENERAL MEETING** of the Members of **ABB Limited** will be held at The Atria Hotel, "Chancery", No.1, Palace Road, Bengaluru – 560 001 on **Tuesday, May 10, 2011** at 3.00 P.M. (IST) to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at December 31, 2010 and the Audited Profit & Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Arun Kanti Dasgupta, who retires by rotation at this Annual General Meeting, and being eligible, offers himself for re-appointment.
4. To appoint M/s S.R. BATLIBOI & CO., Chartered Accountants having registration number 301003E, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

Special Business:

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

"RESOLVED THAT Mr. Gary Steel, who was, pursuant to Article 151 of the Company's Articles of Association, appointed as a Director by the Board of Directors on February 20, 2009, to fill in the casual vacancy caused by the resignation of Mr. Ravi Uppal and who holds office upto the date of this Annual General Meeting under Section 262 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing pursuant to Section 257 of the Companies Act, 1956 from a Member signifying his intention to propose Mr. Steel as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT pursuant to and in accordance with the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 ("the said Act"), read with Schedule XIII to the said Act, as amended to-date, consent of the Company be and is hereby accorded to the re-appointment of Mr. Biplob Majumder, as the Vice Chairman & Managing Director of the Company from July 26, 2010 to December 31, 2010 (both days inclusive) at the remuneration and on the terms and conditions set out in the Agreement dated July 26, 2010, between the Company and Mr. Majumder, placed before this Meeting.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the said Act, the remuneration paid to Mr. Majumder as the Vice Chairman & Managing Director by way of salary, perquisites, commission and other allowances, shall not exceed 5% of the net profits of the Company and if there are more than one such director, 10% for all of them together in that financial year."

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

"RESOLVED THAT Mr. Bazmi R. Husain, who was, pursuant to Article 152 of the Company's Articles of Association appointed as an

Additional Director of the Company and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, and being eligible, offers himself for re-appointment and in respect of whom a notice in writing has been received by the Company from a Member under Section 257 of the said Act signifying his intention to propose Mr. Husain as a candidate for the office of Director, be and is hereby appointed as a Director of the Company."

8. To consider, and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to and in accordance with the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification(s) or re-enactment thereof for the time being in force, ("the said Act"), read with Schedule XIII thereto, and subject to the approval of Central Government, consent of the Company be and is hereby accorded to the appointment of Mr. Bazmi R. Husain as the Managing Director of the Company, for a period of 5 (five) years from January 1, 2011 to December 31, 2015 (both days inclusive), at the remuneration and on the terms and conditions set out in the draft Agreement to be entered into between the Company and Mr. Husain, placed on the table and initiated by the Chairman for the purpose of identification, and the Board be and is hereby authorized to alter, vary or modify, his terms of appointment including remuneration as may be agreed upon with Mr. Husain, subject however to the overall ceiling on remuneration specified in the said Schedule XIII and other applicable provisions of the said Act for the time being in force.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the said Act, the remuneration payable to Mr. Husain as the Managing Director by way of salary, perquisites, commission and other allowances, shall not exceed 5% of the net profits of the Company and if there are more than one such director, 10% for all of them together in that financial year.

RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year of the Company during the tenure of Mr. Husain, Managing Director of the Company, the remuneration, perquisites and other allowances shall be governed by the limits prescribed in Section II of Part II of Schedule XIII to the said Act , as amended from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company, be and is hereby authorized to do all such acts, deeds, matters and things and they may take such steps necessary, expedient or desirable in this regard."

By Order of the Board
For ABB Limited

B. Gururaj
Company Secretary

Place : Bengaluru
Date : February 23, 2011

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

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DULY FILLED, STAMPED, SIGNED AND SHOULD BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. PROXIES SUBMITTED ON BEHALF OF LIMITED COMPANIES, SOCIETIES, PARTNERSHIP FIRMS, ETC., MUST BE SUPPORTED BY APPROPRIATE RESOLUTION / AUTHORITY AS APPLICABLE, ISSUED ON BEHALF OF THE APPOINTING ORGANISATION.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, setting out the material facts in respect of special business under item No. 5 to 8 is annexed hereto.
3. Members attending the Meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from May 4, 2011 to May 10, 2011 (both days inclusive) for the purpose of payment of dividend.
5. The dividend, as recommended by the Board of Directors of the Company, if declared at the Annual General Meeting, will be paid on May 13, 2011, to those Members whose names stand registered on the Company's Register of Members:-
 - a) as Beneficial Owners as at the end of business hours on May 3, 2011 as per the list to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of shares held in dematerialized form.
 - b) as Members in the Register of Members of the Company after giving effect to valid share transfers lodged with the Company, on or before May 3, 2011.
6. Members are requested to note that dividends not encashed or remaining unclaimed for a period of 7 (Seven) years from the date of transfer to the Company's Unpaid Dividend Account, shall be transferred, under Section 205-A of the Companies Act, 1956, to the Investor Education and Protection Fund, established under Section 205C of the said Act.
7. Members who have not yet encashed the dividend warrant(s) from the financial year ended December 31, 2003 onwards are requested to forward their claims to the Company's Registrar and Share Transfer Agents. It may be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund as above, no claim shall rest with the Company in respect of such amount. It may also be noted that the unclaimed dividend amounts which were lying with the Company upto the year ended on December 31, 2002, have been transferred to the Investor Education and Protection Fund.
8. Members are requested to intimate, indicating their folio number, the changes, if any, in their registered addresses, either to the Company's Registrar and Share Transfer Agents, viz. Karvy Computershare Private Limited, Unit: ABB Limited, 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081, or to their respective Depository Participant ("DP") in case the shares are held in dematerialised form.
9. Members holding shares in physical form can avail of the nomination facility by filing Form 2B (in duplicate) with the Company's Registrar and Share Transfer Agents which will be made available on request and in case of shares held in dematerialised form, the nomination has to be lodged with their DP. Members holding shares in the dematerialized form may contact their DP for recording nomination in respect of their equity shares.
10. Members are requested to note that, in order to avoid any loss/interception in postal transit and also to get prompt credit of dividend through National Electronic Clearing Services (NECS) / Electronic Clearing Service (ECS), they should submit their NECS / ECS details to the Company's Registrar and Share Transfer Agents. The requisite NECS / ECS application form can be obtained from the Company's Registrar and Share Transfer Agents. Alternatively, Members may provide details of their bank account quoting their folio numbers, to the Company's Registrar and Share Transfer Agents to enable them to print such details on the dividend warrants.
11. As required under Clause 49 (IV) (G) of the Listing Agreement of the Stock Exchanges, the relevant details of Directors retiring by rotation and seeking re-appointment at the ensuing Annual General Meeting are furnished in the Corporate Governance Section of this Annual Report.
12. Shareholders, intending to require information about the Financial Accounts to be explained at the Meeting, are requested to inform the Company at least a week in advance of their intention to do so, so that the papers relating thereto may be made available, if the Chairman permits such information to be furnished.
13. Members are requested to bring their Annual Report along with them at the Meeting.
14. The Company has designated an exclusive e-mail id viz **investor.helpdesk@in.abb.com** to enable investors to register their complaints/ queries, if any.

Annexure to Notice**Explanatory Statement under Section 173(2) of the Companies Act, 1956****Item No. 5**

The Board of Directors at its meeting held on February 20, 2009, appointed Mr. Gary Steel as a Director pursuant to Article 151 of the Articles of Association of the Company, to fill in the casual vacancy caused by the resignation of Mr. Ravi Uppal, under Section 262 of the Companies Act, 1956. Mr. Ravi Uppal would have held office as a Director upto the date of this Annual General Meeting had he not resigned. Mr. Steel therefore also holds office upto the date of this Annual General Meeting.

Mr. Steel has been appointed as the Chairman of the Board of Directors. The Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Steel as candidate for the office of the Director, along with a deposit of Rs. 500/- (Rupees Five Hundred only) which shall be refunded to the Member, if Mr. Steel is elected as a Director.

Mr. Steel has extensive experience and expertise in handling matters pertaining to employee relations and human resources. Mr. Steel has

been with ABB since 2003 as Head of Human Resources and is also a member of the Group Executive Committee of ABB Limited, Zurich, Switzerland.

The vast experience of Mr. Steel will be useful to the Company. It is considered desirable and in the interest of the Company that the Board should receive the benefit of his advice and experience.

The Directors recommend the passing of the resolution set out at Item No.5 of the accompanying Notice.

Mr. Steel is interested in the Resolution at Item No. 5 of the Notice, since it relates to his appointment as a Director.

Item No. 6

At a meeting of the Board of Directors held on May 11, 2010, Mr. Biplob Majumder was, subject to the approval of the Members in general meeting, re-appointed as the Vice Chairman & Managing Director of the Company for a further period of 1 year from July 26, 2010 to July 25, 2011 at a remuneration of Rs. 21,342,000/- (Rupees Twenty One Million Three Hundred Forty Two Thousand only) per annum and on the terms and conditions stated in the Agreement dated July 26, 2010 between the Company and Mr. Majumder referred to in the Resolution at Item No. 6.

Mr. Majumder, however, resigned as the Vice Chairman & Managing Director of the Company with effect from the close of the business hours of the Company on December 31, 2010, before the expiry of his term of office.

The approval of the Members is being sought for the re-appointment of Mr. Majumder as the Vice Chairman & Managing Director for the period July 26, 2010 upto December 31, 2010, when he resigned, and the payment of remuneration to him for the said period as stated in the said Agreement.

The principal terms and conditions of the said Agreement dated July 26, 2010, are as under:

1. Tenure of re-appointment

Mr. Majumder to be re-appointed as the Vice Chairman & Managing Director for a period of 1 (one) year, i.e. from July 26, 2010 till July 25, 2011.

2. Remuneration

(a) Basic Pay

Mr. Majumder to be paid basic salary of Rs.9,199,650/- (Rupees Nine Million One Hundred Ninety Nine Thousand Six Hundred Fifty only) per annum.

(b) Other Allowances

Mr. Majumder to be entitled for furnished accommodation or house rent allowance in lieu thereof, reimbursement of medical expenses incurred in India or abroad for self and family including dependent mother, leave travel concession, and personal accident insurance coverage, in the nature of allowances as agreed to between Mr. Majumder and the Board of Directors, from time to time; the aggregate monetary value of all allowances of whatsoever nature, in any financial year not to exceed Rs.4,616,116/- (Rupees Four Million Six Hundred Sixteen Thousand One Hundred Sixteen only) per annum.

(c) Social Security

Mr. Majumder to be entitled to Social Security which includes contributions to Provident Fund, Superannuation Fund and Gratuity Fund, as agreed to between Mr. Majumder and the Board of Directors, from time to time, that the aggregate monetary value of the above, in any financial year, not to exceed Rs.2,926,409/- (Rupees Two Million Nine Hundred Twenty Six Thousand Four Hundred Nine only) per annum.

(d) Bonus

Mr. Majumder to be entitled to annual Bonus not exceeding Rs.4,599,825/- (Rupees Four Million Five Hundred Ninety Nine Thousand Eight Hundred Twenty Five only) per annum.

(e) Other Perquisites

In addition to the above, Mr. Majumder to be also eligible for Company's car(s) with chauffeur, membership / subscription fee for two clubs, domestic help, telephone / telefax, mobile, internet and other suitable communication facilities at residence.

(f) Leave

Leave with full pay or encashment as per the rules of the Company.

(g) Overall Remuneration

The aggregate of salary, bonus, other allowances / perquisites and Social Security in any financial year not to exceed the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act, as may for the time being in force.

(h) Minimum Remuneration

In case of loss or inadequacy of profits in any financial year during the currency of tenure of his service, the payment of salary, bonus, other allowances and perquisites to be governed by the limits prescribed under Section II of Part II of Schedule XIII to the Companies Act, 1956.

Following his resignation as the Vice Chairman & Managing Director of the Company as aforesaid, the Board appointed Mr. Majumder as Additional Director with effect from January 1, 2011.

Pursuant to Section 260 of the Companies Act, 1956, Mr. Majumder will hold office only upto the date of this Annual General Meeting. Mr. Majumder does not seek re-appointment as a Director.

Mr. Majumder is concerned or interested in the Resolution at Item No. 6 of the Notice since it relates to his re-appointment as the Vice Chairman & Managing Director.

The said Agreement dated July 26, 2010 referred to in the Resolution at Item No.6 of the accompanying Notice is open for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 2.00 p.m. on any working day of the Company, upto the date of the Annual General Meeting.

The Directors recommend the passing of the resolution set out at Item No.6, of the accompanying Notice.

Item Nos. 7 and 8

The Board of Directors at its meeting held on October 29, 2010, appointed Mr. Bazmi R. Husain as an Additional Director. In accordance with Section 260 of the Companies Act, 1956, read with Article 152 of the Company's Articles of Association, Mr. Husain holds office upto the date of this Annual General Meeting. In terms of Section 257 of the said Act, a notice in writing has been received from a Member of the Company signifying his intention to propose Mr. Husain as a candidate for the office of Director, along with a deposit of Rs. 500/- (Rupees Five Hundred only) which amount shall be refunded to the Member, if Mr. Husain is appointed as a Director.

Pursuant to Section 260 of the Companies Act, 1956 Mr. Husain will hold office only upto the date of this Annual General Meeting and being eligible offers himself for appointment as a Director. Hence, the Resolution at Item No.7 of the Notice.

At the meeting of the Board of Directors on October 29, 2010, Mr. Husain was also appointed, subject to the approval of the Members in general meeting and of the Central Government, the Managing Director of the Company for 5 (Five) years from January 1, 2011 to December 31, 2015 (both days inclusive) at the remuneration and on the terms and conditions set out in the draft Agreement referred to in the Resolution at Item No.8 of the Notice.

The principal terms and conditions as contained in the draft Agreement are as under:

1. Tenure of appointment

Mr. Husain be appointed as the Managing Director for a period of 5 (Five) years from January 1, 2011 to December 31, 2015 (both days inclusive) at a remuneration of Rs. 23,886,920/- (Rupees Twenty Three Million Eight Hundred Eighty Six Thousand Nine Hundred Twenty only) per annum and on terms and conditions contained in the draft Agreement. Mr. Husain not to retire by rotation so long as he holds the office as the Managing Director.

2. Subject to the orders and directions given to him by the Board from time to time and subject to such restrictions as the Board may impose at its discretion from time to time, Mr. Husain to have the management of the whole of the affairs of the Company with power to appoint and dismiss employees of the Company and to enter into contracts on behalf of the Company in the ordinary course of its business.
3. During the period of his employment, Mr. Husain to undertake such travel in India and abroad as the Board may from time to time direct in connection with or in relation to the business of the Company.

4. Remuneration and Perquisites

Mr. Husain to be entitled to the following remuneration and perquisites:

(a) Basic Pay

Basis salary of Rs.10,600,000/- (Rupees Ten Million Six Hundred Thousand only) per annum.

(b) Other Allowances

Mr. Husain to be entitled to furnished accommodation or house rent allowance in lieu thereof, reimbursement of medical expenses incurred in India or abroad for self and family including dependent parents, leave travel concession, and personal accident insurance coverage, in the nature of allowances as agreed to between Mr. Husain and the Board of Directors, from time to time; the aggregate monetary value of all allowances of whatsoever nature, in any financial year not to exceed Rs.4,615,060/- (Rupees Four Million Six Hundred Fifteen Thousand Sixty only) per annum.

(c) Social Security

Mr. Husain to be entitled to Social Security which includes contributions to Provident Fund, Superannuation Fund and Gratuity Fund, as agreed to between Mr. Husain and the Board of Directors, from time to time; the aggregate monetary value of the above, in any financial year, not to exceed Rs.3,371,860/- (Rupees Three Million Three Hundred Seventy One Thousand Eight Hundred Sixty only) per annum.

(d) Bonus

Mr. Husain to be entitled to annual Bonus not exceeding Rs.5,300,000/- (Rupees Five Million Three Hundred Thousand only) per annum.

(e) Other Perquisites

In addition to the above, Mr. Husain also to be eligible for one Company car with reimbursement of chauffeur's salary, expenses towards children's schooling, payment of membership / subscription fee for two clubs, reimbursement of salary for domestic help, security guard at residence, expenses towards mobile, expenses towards telephone/telefax, internet and other suitable communication facilities at his residence.

(f) Leave

Leave with full pay or encashment as per rules of the Company.

(g) Overall Remuneration

The aggregate of salary, commission and perquisites in any financial year not to exceed the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the said Act, as may for the time being be in force.

(h) Minimum Remuneration

In case of loss or inadequacy of profits in any financial year during the currency of tenure of his service, the payment of salary, commission and perquisites to be governed by the limits prescribed under Section II of Part II of Schedule XIII to the Companies Act, 1956.

(i) Revision in Remuneration

The remuneration payable to the Managing Director to be subject to revision, from time to time (annually and / or otherwise), by the Board of Directors of the Company at their discretion.

(j) Mr. Husain to be entitled to:

- (i) the reimbursement of entertainment expenses actually and properly incurred by him in the course of the legitimate business of the Company in accordance with the rules and regulations of the Company in force from time to time or as may be approved by the Board of Directors; and
 - (ii) the reimbursement of travelling, hotel and other expenses incurred by him in India and abroad exclusively on the business of the Company in accordance with the rules and regulations of the Company in force from time to time or as approved by the Board of Directors.
5. During the term of this Agreement with the Company, Mr. Husain not to engage himself, either directly or indirectly or be interested in any capacity whatsoever or render assistance to any firm, company or persons whatsoever whether a manufacturer, dealer or trader in goods or products which are of the same or similar kind and nature as those of the Company.
6. Either party to be entitled to terminate the Agreement at anytime by giving to the other party 90 days' notice in writing in that behalf without the necessity of showing any cause and on the expiry of the period of such notice, this Agreement to stand determined and Mr. Husain to cease to be a Director of the Company.
7. The terms and conditions of Mr. Husain's employment may be altered or modified, from time to time, by the Board, as may be permissible and if deemed fit, with liberty to the Board to review his remuneration annually and / or otherwise, but so that the limits specified in the Act or any amendments made thereto are not exceeded.

Mr. Husain, aged 52, holds a degree in electrical and electronics from BITS Pilani and an MS in Physics. Mr. Husain joined ABB in 1981 and has managed a variety of local business units and divisions in India, Singapore and across the globe.

An abstract of the terms of appointment of Mr. Husain as Managing Director from January 1, 2011 to December 31, 2015 (both days inclusive) will be sent to all Members pursuant to Section 302 of the Companies Act, 1956, after the Company has entered into the Agreement with Mr. Husain.

The draft Agreement referred to in the resolution at Item No.8 of the accompanying Notice is open for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 2.00 p.m. on any working day of the Company, upto the date of the Annual General Meeting.

Mr. Husain is interested in the resolution at Item Nos. 7 and 8 of the Notice since they respectively relate to his appointment as a Director and as the Managing Director of the Company and to the remuneration payable to him as Managing Director.

The Directors recommend the passing of the resolution set out at Item Nos.7 and 8 of the accompanying Notice.

By Order of the Board
For ABB Limited

B. Gururaj
Company Secretary

Place : Bengaluru
Date : February 23, 2011

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

Directors' Report

Your Directors have pleasure in presenting their Sixty First Annual Report and Audited Accounts for the year ended December 31, 2010.

Financial Results

	(Rs in Thousands)	For the year ended December 31, 2010	For the year ended December 31, 2009
Profit Before Taxation	1,002,303	5,273,994	
Less: Provision for Tax			
- Current Tax	415,000	1,805,255	
- Deferred Tax	(45,000)	(39,000)	
- Fringe Benefit Tax	-	(38,652)	
Profit After Tax	<u>632,303</u>	<u>3,546,391</u>	
Balance Brought Forward from last year	607,178	556,632	
Amount available for Appropriation	<u>1,239,481</u>	<u>4,103,023</u>	
Appropriations			
General Reserve	200,000	3,000,000	
Proposed Dividend	423,817	423,817	
Corporate Dividend Tax	70,391	72,028	
Corporate Dividend Tax (2009)	(1,637)	-	
Balance Carried Forward	<u>546,910</u>	<u>607,178</u>	
	<u>1,239,481</u>	<u>4,103,023</u>	
Dividend			

Dividend

Your Directors recommend payment of a dividend at the rate of Rs 2/- (Rupees Two only) per share for the year ended December 31, 2010 on 211,908,375 equity shares of Rs 2/- each.

Performance Review

Orders received during the year at Rs 63,496 million were 27% lower as compared to Rs 86,847 million in the previous year. Order backlog at the end of 2010 was at the same level of Rs 84,362 million compared to Rs 84,787 million at the end of the previous year.

Sales and other income for the year were marginally higher by 1% at Rs 63,726 million compared to Rs 63,098 million in the previous year. Revenues of all the segments were higher than the previous year except Power Products and Process Automation which saw a negative growth of 9% and 8% respectively.

Profit before tax for the year was lower at Rs 1,002 million as compared to Rs 5,274 million in the previous year, mainly on account of exit costs of rural electrification business, strategic orders with lower margin, higher input costs witnessed by the industry and adverse impact from fair valuation of forward foreign exchange and embedded derivative contracts.

Profit after tax at Rs 632 million for the year has reduced by 82% compared to Rs 3,546 million in the previous year. Earning per equity share of face value of Rs 2/- correspondingly decreased to Rs 2.98 compared to Rs 16.74 in the previous year.

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

Acquisition

The Company acquired the business of Metsys Engineering and Consultancy Private Limited (Metsys), based in Bangalore, a private limited company engaged in providing engineering services/consultancy and optimized solutions to OEMs/End customers mainly in Metal industry, for a total consideration of Rs 84.6 million.

Open Offer

The promoter company ABB Asea Brown Boveri Limited, Zurich along with ABB Norden Holding AB, Sweden was holding 52.11% of the total share capital of the Company. ABB Asea Brown Boveri Limited, Zurich, has increased its stake in the Company from 46.19% to 69.08% by way of an Open Offer during 2010. Subsequent to the Open Offer the total shareholding of ABB Asea Brown Boveri Limited, Zurich, in the company along with ABB Norden Holding AB, Sweden is 75%.

Transfer to Investor Education and Protection Fund

In terms of Section 205C of the Companies Act, 1956, the unclaimed dividend amount aggregating to Rs 1,018,692/- lying with the Company for a period of seven years pertaining to year ended on December 31, 2002, was transferred during the year 2010, to the Investor Education and Protection Fund established by the Central Government.

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

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

Environment, Health and Safety

The Company has in place a system for controlling and monitoring pollutants at all its factories complying with environmental standards and legislation. All the manufacturing units of the Company have received certificates for ISO 14001 (EMS). Environment, health and safety are given high priority. All the units of the Company have been awarded OHSAS18001 certification for the health and safety system. Several environmental management projects are underway across the locations. Some of these include energy conservation, waste management, rain water harvesting and greening initiatives.

Particulars of Employees

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

Directors' Responsibility Statement

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

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed by the Company;
- ii. appropriate accounting policies have been selected and applied consistently and such judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at December 31, 2010 and of the profit of the Company for the year ended on that date;
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. the annual accounts have been prepared on a going concern basis.

Corporate Governance

As required under Clause 49 of the Listing Agreement of Stock Exchanges, a report on Corporate Governance and a Certificate from M/s D. R. Shressha & Associates, Practicing Company Secretaries, confirming compliance with the requirements of Corporate Governance are given in Annexure – C and Annexure – D respectively, which form part of this Report.

Board of Directors

Mr. Bernhard Jucker was appointed as an Alternate Director for Mr. Peter Leupp during the period from April 30, 2010 to July 29, 2010 when Mr. Leupp was a Director.

Mr. Biplob Majumder, Vice Chairman & Managing Director of the Company resigned and his resignation was accepted by the Board from the close of office hours on December 31, 2010.

Your Directors place on record their appreciation of the valuable services rendered by the above Directors during their tenure as Alternate Director and Managing Director of the Company respectively.

Mr. Majumder was appointed as an Additional Director effective January 1, 2011. He holds office upto the date of this Annual General Meeting. He does not wish to seek reappointment.

Mr. Bazmi R. Husain was appointed as an Additional Director. He was also appointed as the Managing Director of the Company with effect from January 1, 2011, subject to approval of the share holders in general meeting.

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

Mr. Gary Steel was appointed as a Director of the Company with effect from February 20, 2009, in the casual vacancy caused by the resignation of Mr. Ravi Uppal. Since Mr. Ravi Uppal would have retired by rotation at this Annual General Meeting had he not resigned, Mr. Gary Steel would also cease to hold the office of Director at this Annual General Meeting, pursuant to Section 262 of the Companies Act, 1956 and is eligible for reappointment as a Director.

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

Auditors

The Company's Auditors, M/s S.R. BATLIBOI & CO., Chartered Accountants, (Registration Number 301003E), hold office upto the conclusion of the ensuing Annual General Meeting. The Company has received the requisite certificate from them pursuant to Section 224(1B) of the Companies Act, 1956, confirming their eligibility for re-appointment as Auditors of the Company.

For and on behalf of the Board

Place : Bengaluru
Date : February 23, 2011

Gary Steel
Chairman

Annexure - A to Directors' Report

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo - Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

1. Conservation of energy

Energy conservation continued to be priority for the Company. Energy conservation measures taken during the year 2010 included

- Optimum utilisation of maximum demand using SCADA system
- Maximised use of sun light during day time reducing illumination requirement
- Replacement of all incandescent lamps with CFL
- Control over compressed air leakages
- Switching off of lights and air conditioners during breaks and when not essential and installation of system to ensure uniform temperature
- Photo voltaic solar plant was operational at Nelamangala, Bangalore facility producing 12,000 KWhr of units per year
- The loads in the 3 phases was monitored and balanced at 90–95%
- Adoption of natural air ventilation resulted in a zero fan canteen facility
- Waste water treated and recycled for gardening
- Interlinking of pneumatic system to optimise efficiency of compressors during fluctuating needs. Cut off features has been implemented in existing air compressors to reduce the no load losses in the system
- Air conditioning system of winding area replaced by de-humidification system (COMBY) to reduce electrical heating for regeneration of moisture
- Installation of VFD on flange turning machine
- Introduced energy monitoring and recording systems for all the individual electrical loads
- Awareness and training programmes for employees
- Energy audits and corrective actions

With proper planning, awareness, training and preventive maintenance, consumption of electricity and diesel was reduced compared to previous year. Proposed areas of work include installation of APFC panel for TPT plant, centralisation of all street lights, installation of efficient air condition plants, installation of LED lamps, further usage of captive solar energy, installation of VFD on compressors, LPG ovens for varnish baking of motors, water saving activities by providing flow meters at different locations, further control of air leakages and selection of energy efficient equipments and machineries as per BEE guidelines.

Total energy saving as result of measures taken is estimated at 3 million kWh units of energy per annum. This saving, however, has no appreciable impact on cost of goods, as the Company's production processes are not energy intensive.

2. Technology absorption, adaptation and innovation

2.1 Technical Development

New Products Developed:

- Double break disconnectors for 145 kV and 245 kV voltages
- High energy efficient disconnectors
- Voltage range of centre break disconnectors extended to 550 KV
- Amorphous core distribution transformer

- 40 MVA 11/0-90 kV testing transformer for export
- 132 kV neutral grounding reactor
- 750 MVA 400/220 kV auto transformer bank
- Touch screen HMI for REJ603 relays
- HXR Series induction motors in frame sizes 355, 400, 450 & 500
- Classified Area motors (Ex'n') in HXR series -TEFC construction
- Wind generators for domestic market
- An energy efficiency appraisal and performance evaluation service tools
- CPG smoke venting motors
- Upgrade of UniGear Double bus bar to 12kV, 40 kA
- Single coil Magnetic actuator for Recloser
- 12 kV unipack solution for exports
- Power cube 36 kV for OEM
- ACS 850 ACQ and ACSM1 range of drives

Product Improvements:

- 72.5 kV, 2500 A circuit breaker suitable for special applications like controlled switching and improved dielectric strength for higher altitude application
- Improving product performance of current transformers for increased network demand for 63 kA
- Improvement in manufacturing processes of instrument transformers
- Increase current rating of double break disconnector to 2500A
- Service pack for REF601 - push button performance improvement and total harmonic distortion enhancements
- Service pack for REJ603 thermal rating enhancement and trip coil compatibility improvement
- Improvements in HV Machines winding quality with improved process control
- Modified insulation scheme technology adopted from ABB Oy, Finland for motors to be used for Classified Area (Ex'n' & Ex'e')
- Improvements rotor manufacturing process by additional process controls measures
- Improvement in test facilities and VPI solution for machine service
- Stand alone universal speech interface for FXO/FXS application in power utilities
- MCD – 80 A9BP/A9BR acquired local manufacturing capability in line with global quality standard
- Spare part kits for ACS550, ACH550, ACS510
- Assembly of frequency converters intended to be used in wind turbine application
- Localisation of ACSM1, ACQ810 and ACS850 drive modules, multi drives cabinets for process industry and converters to meet domestic requirements
- 12 kVVD4 40 kA 3150 a natural cool breaker for 50 deg Ambient
- 24kV, 630A, 16 kA NPS load break switch for 25 kA peak making
- 24kV, 630A, 16 kA NPS load break switch operation with 10mm ice formation

Technology adaptation and innovation:

- Reliability and life expectancy of drive for 72.5 kV and 145 kV improved further
- 145 kV circuit breaker adapted for special requirement of Australian market
- TEFC Range (HXR Series) motors in Frame Sizes 355 to 500
- Combo flex relays
- UniGear panel localisation and range expansion

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

Multifold benefits were accrued as a result of R&D activities. Apart from strengthening of technical base, benefits have also been reflected in terms of improvement of product reliability and quality, standardisation of design of assemblies, sub-assemblies and components of various products, improved measurement range and accuracy level, better aesthetics, meeting specific customer requirement, reduction in carbon emission, cost reduction and increased acceptability of products in local and global markets.

2.3 Expenditure on Research & Development

Considering nature of research and development, complexity, competency required, time frame, amount and also to optimise overall cost, all major R&D efforts are pooled centrally at the Group level. Company as a beneficiary of these developments has contributed Rs 110 million to ABB Research Limited, Zurich, Switzerland. Localisation of product manufacturing, adoption to local environment and other improvements/cost saving actions are carried out locally. Total expenditure on such development efforts during the year is estimated to be Rs 10 million.

3. Imported Technologies

3.1 Technologies imported during last five years

• Residual Current Device (RCD)	2007
• Localisation of TMAX/EMAX MCCBs	2007
• TA25 Relays	2007
• HT Motors M3BM	2007
• Three phase LV induction Motors up to 7.5 KW	2007
• Shunt reactors	2008
• MCD-80 band pass and ETL-600	2008
• 145 kV, SF6 circuit breaker LTB145D1/B	2008
• REF601 relays	2008
• Fuseless capacitors	2008
• Unigear double bus bar switchgear	2009
• TEFC range of machines (HXR range) 100 – 1400 kW	2009
• Contactors size 3, 4 & 5	2009
• ACS 510 drives for general purpose industry	2009
• Global cabinet design LV drives and ACS 5000 MV drives	2009
• 145 kV new design LTBD circuit breaker	2009
• Dry type transformer	2009
• Shunt reactor 50 MVar, 400 kV	2009
• 765 kV power transformer	2010
• 765 kV circuit breaker	2010
• Propulsion and auxiliary traction convertors	2010
• Vacuum contactor VSC	2010
• HXR series motors in frame size 355 to 500	2010
• Double fed wind generators	2010
• ACS 550 with isolator switch and spare kit	2010
• ACS 800 wind converters	2010
• ACS850-04, ACQ810 and ACSM1 modules	2010

Above technologies are fully absorbed, except for 765 kV circuit breakers, propulsion and auxiliary traction convertors and ACS 800 wind converters.

3.2 Foreign exchange earnings and outgo

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

During the year export orders and revenues were Rs 6,670 million and Rs 4,850 million respectively. Overall export orders and revenues were marginally lower compared to previous year. Orders were higher at power system segment and revenues were higher at discrete automation and motion segment.

Power products segment consolidated its position in the export markets. A 2 year frame agreement for 72.5kV SF6 circuit breakers type EDI was received from Ireland. A large package order worth 3 MUSD for 362/145 kV HV equipment was booked for supplies to Nigeria, Nicaragua, Senegal, Jamaica, Azerbaijan and Estonia were the new markets added for export of high voltage products. For MV equipment significant market development activities were carried out at Qatar and Kuwait. Significant orders were booked for power transformer to be supplied to USA and Oman.

Power system segment secured a turnkey contract from the Power Grid Company of Bangladesh Limited for the construction of a 230kV substation.

Discrete automation and motion segment had significant increase in export revenues. During the year export focused wind power generator factory was inaugurated at Vadodara. Significant orders were received for wind generator, LV motors and drives and supply of coils and rewinding of generator stators from Finland, Denmark, Saudi Arabia and Spain. High power rectifier for swing unit was successfully commissioned at Indonesia. Segment also set up global engineering center for static excitation systems.

Process automation segment booked several orders from Middle East and South Asia regions during the year. The major orders have been booked for metals, cement and pulp plants and industrial cranes from Vietnam, Saudi Arabia, Malaysia, Nepal, Bhutan and Bangladesh. Metals and minerals business units are group internal centre of excellence.

As a part of Companywide initiative, appointments of channel partners and OEMs across the countries are targeted for supply of products and services of various segments. These partners bring the advantage of extensive local presence, ability to make design adaptations and flexibility required by local customers.

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

(b) Total foreign exchange used and earned

	(Rs in Million)	
i) Foreign exchange earned	2010	2009
ii) Foreign exchange used	10,441	8,770
	21,241	22,904

For and on behalf of the Board

Gary Steel
Chairman

Place: Bengaluru
Date: February 23, 2011

Annexure - C to Directors' Report

Report on Corporate Governance

1. Corporate Governance Philosophy

The Company is committed to good Corporate Governance. The Company fully realises the rights of its shareholders to information on the performance of the Company and considers itself a trustee of its shareholders. The Company provides detailed information on various issues concerning the Company's business and financial performance, to its shareholders. The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedicate itself for increasing long-term shareholder value, keeping in view the needs and interests of all its stakeholders. The Company is committed to transparency in all its dealings and places emphasis on business ethics.

2. Board of Directors

(i) Composition / Category of Directors / Attendance at Meetings / Directorships and Committee Memberships in other companies as on December 31, 2010

Name	Category of Director	Attendance			Directorships / Mandatory Committee Memberships in Other Companies				
		No. of Board meetings held during 2010	No. of Board Meetings attended	Last AGM attendance	Directorship in Public Companies	Directorship in Private Companies	Mandatory Committee Memberships	Mandatory Committee Chairmanships	
Mr. Gary Steel (Chairman)	Non-executive	6	5	Yes	--	--	--	--	
Mr. Biplob Majumder (Vice Chairman & Managing Director)	Executive	6	5	Yes	--	--	--	--	
Mr. N. S. Raghavan	Non-executive & Independent	6	3	Yes	1	5	1	--	
Mr. Nasser Munjee	Non-executive & Independent	6	4	Yes	13	1	4	3	
Mr. D. E. Udwadia	Non-executive & Independent	6	5	Yes	11	8	7	--	
Mr. Arun Kanti Dasgupta	Non-executive & Independent	6	5	No	4	--	--	--	
Mr. Peter Leupp	Non-executive	6	3	No	1	--	--	--	
Mr. Francis Duggan	Non-executive	6	5	No	--	--	--	--	
Mr. Bernhard Jucker*	Non-executive	NA	1	NA	--	--	--	--	

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

* Mr. Bernhard Jucker was appointed as an alternate Director for Mr. Peter Leupp, and accordingly he attended the Board Meeting held on April 30, 2010.

None of the Non-executive Directors has any pecuniary relationship or transactions with the Company.

(ii) No. of Board Meetings held in the Financial Year 2010 and dates on which held

The Board meets at least once in a quarter to consider amongst other business, the quarterly performance of the Company and the financial results. The Board has held six meetings during the financial year 2010 i.e., on February 26, April 30, May 11, July 30, September 13 and October 29, 2010.

3. Audit Committee

(i) Terms of Reference

The Audit Committee is responsible for overseeing the Company's financial reporting process, reviewing the quarterly/half-yearly/annual financial statements, reviewing with the management on the financial statements and adequacy of internal audit function, recommending the appointment/re-appointment of statutory auditors and fixation of audit fees, reviewing the significant internal audit findings/related party transactions, reviewing the Management Discussion and Analysis of financial condition and result of operations. The Committee acts as a link between the management, external and internal auditors and the Board of Directors of the Company.

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

In addition, the Committee has discharged such other role/function as envisaged under Clause 49 of the Listing Agreement of the Stock Exchanges and the provisions of Section 292A of the Companies Act, 1956.

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

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

The Audit Committee presently consists of four Non-executive Independent Directors. The Committee has held five meetings during the financial year 2010 i.e., on January 20, February 25, April 30, July 30 and October 29, 2010. The composition of the Audit Committee as on December 31, 2010 and the attendance of members at the meetings of the Audit Committee held during the financial year 2010 were as follows:

Members of Audit Committee	No. of meetings attended
Mr. Nasser Munjee (Chairman)	5
Mr. N. S. Raghavan	3
Mr. D. E. Udwadia	4
Mr. Arun Kanti Dasgupta	4

4. Remuneration Committee

(i) Terms of Reference

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

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

The Remuneration Committee presently consists of 3 Non-executive Directors, the Chairman being Non-executive and Independent. No meeting of the Committee was held during the financial year 2010. The composition of the Remuneration Committee as on December 31, 2010 is as under:

Members of Remuneration Committee:
Mr. N. S. Raghavan (Chairman)
Mr. Gary Steel
Mr. Arun Kanti Dasgupta

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

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

The Non-executive Independent Directors are compensated by way of a commission and the criteria being their attendance in the Board/Committee Meetings.

As a policy, the Non-Independent Directors are neither paid sitting fee nor paid any commission.

(iv) Details of remuneration to all the Directors paid during the financial year 2010

Name	Sitting Fees	Salary & Perquisites	Commission (*)	(Rs in Thousands)	
				Stock Option	Pension
Mr. Biplob Majumder	Nil	16186	4406	Nil	Nil
Mr. N.S. Raghavan	65	NA	311	Nil	Nil
Mr. Nasser Munjee	90	NA	311	Nil	Nil
Mr. D. E. Udwadia	110	NA	400	Nil	Nil
Mr. Arun Kanti Dasgupta**	90	NA	267	Nil	Nil

* Commission for the year 2009 paid during 2010.

** Amount paid to Life Insurance Corporation of India

Mr. K. Rajagopal, then Whole-time Director, was paid a sum of Rs. 1658 TINR during 2010 for the year 2009.

Fixed Component / Performance Linked Incentive / Criteria

The Vice Chairman & Managing Director of the Company is entitled to an annual performance related bonus based on the results achieved against the targets fixed and determined by the Board.

Service Contract / Notice Period / Severance Fees

- a) The Contract of Service entered into by the Company with Mr. Biplab Majumder, Vice Chairman & Managing Director, provides that the Company and the Vice Chairman & Managing Director shall be entitled to terminate the agreement by giving 90 days notice in writing on either side.
- b) No severance fee is payable by the Company on termination of the agreement/s.

5. Shareholders' Committee

The Board of Directors of the Company had set up an Investors' Grievance Committee which has been authorised to approve the transfer / transmission / transposition of shares.

In order to expedite the process, the Board of Directors has also delegated the authority severally to the Vice Chairman & Managing Director (VC & MD) and the Company Secretary to approve the share transfers and accordingly, the VC & MD or the Company Secretary approves the transfer / transmission of shares generally at a frequency of about twice a month.

Four meetings of Investors' Grievance Committee were held during the financial year 2010 i.e., on February 26, April 30, July 30 and October 29, 2010.

Mr. B. Gururaj, Senior Vice President - Company Secretary is the Compliance Officer of the Company.

The composition of Investors' Grievance Committee as at December 31, 2010 and attendance of the Committee members at the meetings were as follows:

Members of Investors' Grievance Committee	No. of meetings attended
Mr. D. E. Udwadia (Chairman)	4
Mr. N. S. Raghavan	1
Mr. Biplab Majumder	4

The details of investors' complaints received and resolved during the financial year 2010 are as under:

No. of investors' complaints received during 2010	No. of investors' complaints resolved during 2010	Investors' complaints pending at the end of 2010
349	349	NIL

6. General Body Meetings

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

For the Year	Venue	Day & Date	Time
2009	The Atria Hotel, "Chancery", No.1, Palace Road, Bengaluru – 560 001	Tuesday May 11, 2010	11:00 a.m. (IST)
2008	The Lalit Ashok, "Kalinga", Kumara Krupa High Grounds, Bengaluru – 560 001	Tuesday May 19, 2009	11.00 a.m. (IST)
2007	The Atria Hotel, "Chancery", No.1, Palace Road, Bengaluru – 560 001	Tuesday, June 3, 2008	11.00 a.m. (IST)

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

No Special Resolution passed in the last three Annual General Meetings i.e. AGM held on June 3, 2008, May 19, 2009 and May 11, 2010.

(iii) Postal Ballot

No postal ballot was conducted in the year 2010. As on date, the Company does not have any proposal to pass any special resolution by way of postal ballot.

7. Disclosures

(i) Disclosures on materially significant related party transactions.

There was no materially significant related party transaction during the year having potential conflict with the interests of the Company.

(ii) Details of non-compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities or any matter related to capital markets during the last three years.

The Company has complied with all the requirements of the Listing Agreement of the Stock Exchanges as well as regulations and guidelines of SEBI. Neither any penalty nor any stricture has been passed by SEBI, Stock Exchanges or any other Statutory Authority on matters relating to capital markets, in the last three years.

(iii) Whistle Blower Policy and affirmation that no personnel have been denied access to the Audit Committee.

The Company has adopted Whistle Blower Policy of ABB Group. The employees of the Company have access to approach the Management on any issues relating to Code of Conduct/Business Ethics. ABB Group has a business ethics hotline maintained at Group's headquarter at Zurich for making any complaint by anyone on compliance issues.

(iv) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of Clause 49 of the Listing Agreement.

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

8. Means of Communication

(i) Quarterly Financial Results / Official News Releases

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

The financial results and the official news releases are also placed on the Company's website www.abb.co.in. The Company has a dedicated help desk with e-mail ID: investor.helpdesk@in.abb.com in the Secretarial Department for providing necessary information to the investors.

9. General Shareholder Information

(i) Annual General Meeting

Day, Date, Time and Venue:

The Company will be holding its 61st Annual General Meeting on Tuesday, May 10, 2011 at 03.00 p.m. (IST) at The Atria Hotel, "Chancery", No.1, Palace Road, Bengaluru.

Agenda:

- a) Adoption of Audited Accounts, Directors' and Auditors' Report
- b) Declaration of Dividend
- c) Re-election of Directors retiring by rotation
- d) Re-appointment of M/s. S. R. BATLIBOI & CO., Chartered Accountants, as Auditors
- e) Appointment of Directors
- f) Consent of Members for re-appointment and payment of remuneration to the former Vice Chairman & Managing Director.
- g) Consent of Members for appointment and payment of remuneration to the Managing Director.

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

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

Brief profile of Directors and nature of their expertise in functional areas	Directorships / Committee Memberships in other companies	Shareholding in ABB Limited
Mr. Arun Kanti Dasgupta Mr. Dasgupta, aged 59, holds Degree in Science from Dibrugarh University and also holds Post Graduate Diploma in Business Management from Punjab University. He has held various important posts in the Life Insurance Corporation of India and is currently the Managing Director of Life Insurance Corporation of India.	Directorships 1) Life Insurance Corporation of India 2) Mahindra & Mahindra Limited 3) Grasim Industries Limited 4) LIC Cards Services Limited Committee Memberships Nil	Nil
Mr. Gary Steel Mr. Steel, aged 58, is a Bachelor of Commerce from the University of Edinburgh in Scotland. He joined Shell Chemicals, UK in 1976 and held various positions in different divisions and subsidiaries of the company up till 2002 when he took over as Human Resources Director, Group Finance at Shell. In January 2003 he moved to ABB where he assumed his current responsibilities as Head of Human Resources. He is also a member of the Group Executive Committee of ABB Ltd., Zurich, Switzerland.	Nil	Nil
Mr. Biplab Majumder Mr. Majumder, aged 62, holds Bachelors Degree in Chemical Engineering from Jadavpur University and also holds a Masters Degree in Chemical Technology from Regional Engineering College, Durgapur. He has over 35 years of experience of which more than 32 years were with ABB, in various positions within the automation and power segments. He served as Executive Director from 24.01.2006 to 26.07.2007, as Managing Director from 26.07.2007 to 20.02.2009, as Vice Chairman & Managing Director from 20.02.2009 to 31.12.2010.	Nil	Nil
Mr. Bazmi R. Husain Mr. Husain, aged 52, holds a Degree in Electrical and Electronics and an MS in Physics both from BITS Pilani. Mr. Husain joined ABB in 1981 and managed a variety of local business units and divisions in India, Singapore and across the globe. From 2005 through 2009 he was director of ABB's Corporate Research Center in Sweden and also led ABB's global automation technology research. Before his appointment as the Managing Director in January 2011, he headed the smart grid industry segment initiative within marketing and customer solutions.	Nil	Nil

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

- Mr. Biplab Majumder, resigned from the position of Vice Chairman & Managing Director of the Company from the close of office hours on December 31, 2010. Presently he is Additional Director of the Company effective January 1, 2011.

- Mr. Bazmi R. Husain has been appointed as Managing Director of the Company effective January 1, 2011.

(iii) Financial Year

Indicative calendar of events for the year 2011 (January - December) excluding Extra Ordinary General Meeting(s), if any, are as under:

Fourth Quarter Financial Results (Year 2010)	February 2011
First Quarter Financial Results	May 2011
Annual General Meeting	May 2011
Second Quarter Financial Results	August 2011
Third Quarter Financial Results	November 2011

(iv) Date of Book Closure

The Company's Register of Members and Share Transfer Books will remain closed for the purpose of payment of dividend from May 4, 2011 to May 10, 2011 (both days inclusive).

(v) Dividend Payment Date

The dividend, as recommended by the Board of Directors, if declared at the ensuing Annual General Meeting will be paid on May 13, 2011, to those shareholders whose names appear on the Company's Register of Members as on May 3, 2011.

(vi) Listing on Stock Exchanges

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

(vii) Stock Code

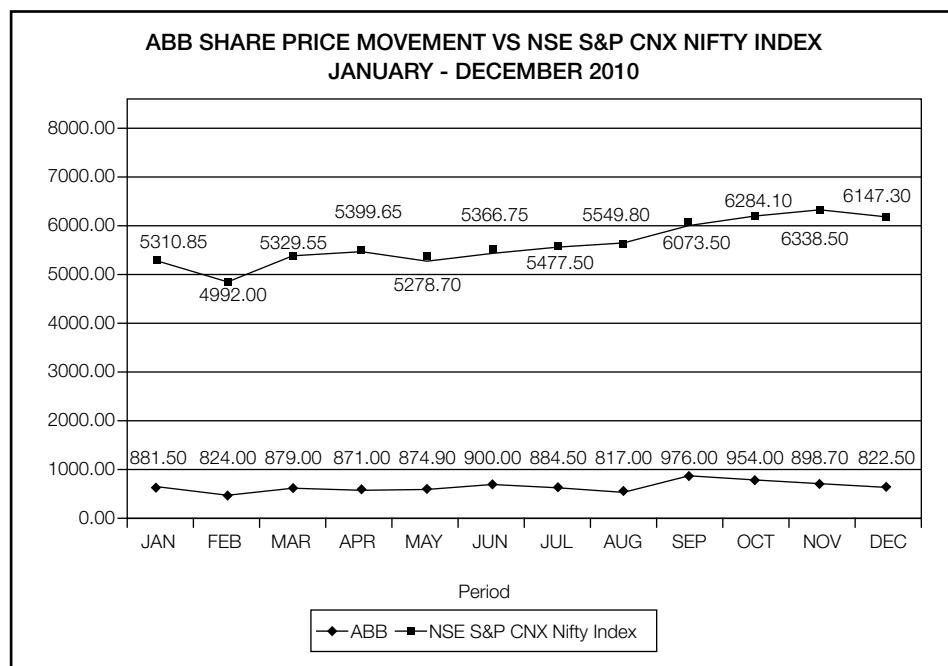
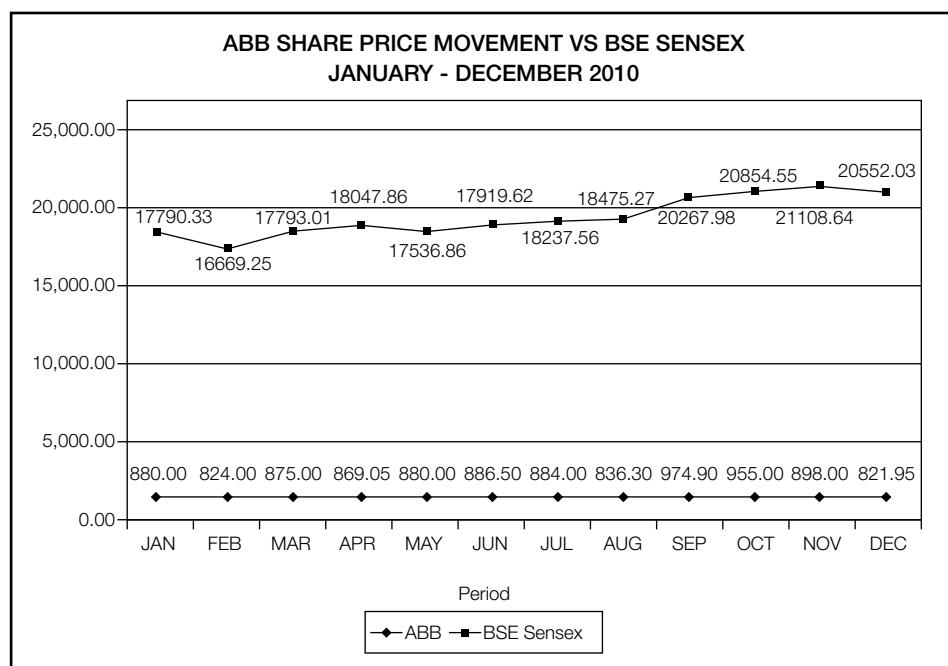
National Stock Exchange	Bombay Stock Exchange	ISIN
ABB	500002	INE117A01022

(viii) Market Price Data

The market price data and volume of the Company's shares traded in the Bombay Stock Exchange and the National Stock Exchange, during the year 2010 was as follows:

Period 2010	BSE (Rs.)		BSE Sensex		NSE (Rs.)		NSE Nifty	
	High	Low	High	Low	High	Low	High	Low
January	880.00	760.00	17790.33	15982.08	881.50	760.10	5310.85	4766.00
February	824.00	767.00	16669.25	15651.99	824.00	767.65	4992.00	4675.40
March	875.00	775.25	17793.01	16438.45	879.00	775.00	5329.55	4935.35
April	869.05	777.00	18047.86	17276.80	871.00	774.85	5399.65	5160.90
May	880.00	669.20	17536.86	15960.15	874.90	669.15	5278.70	4786.45
June	886.50	829.00	17919.62	16318.39	900.00	830.00	5366.75	4961.05
July	884.00	785.00	18237.56	17395.58	884.50	798.25	5477.50	5225.60
August	836.30	745.00	18475.27	17819.99	817.00	750.05	5549.80	5348.90
September	974.90	770.00	20267.98	18027.12	976.00	776.30	6073.50	5403.05
October	955.00	810.10	20854.55	19768.96	954.00	810.00	6284.10	5937.10
November	898.00	735.00	21108.64	18954.82	898.70	730.00	6338.50	5690.35
December	821.95	751.00	20552.03	19074.57	822.50	751.00	6147.30	5721.15

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



(x) Registrar and Share Transfer Agents

Karvy Computershare Private Limited,
(Unit: ABB Limited)

- (1) No. 51/2, T.K.N. Complex,
Vanivilas Road,
Opp. National College,
Basavanagudi,
Bengaluru - 560 004.
Tel. No.: 080-26621192
Fax No.: 080-41312645
E-mail: sksharma@karvy.com
- (2) Plot No. 17-24, Vittal Rao Nagar
Madhapur
Hyderabad - 500 081
Tel. No.: 040-23420815 - 28
Fax No.: 040-23420814
E-mail: mailmanager@karvy.com

(xi) Share Transfer System

The Company's shares being in compulsory demat list, are transferable through the depository system. However, shares in the physical form are processed by the Registrar and Share Transfer Agents, and approved by the Investors' Grievance Committee. In order to expedite the process, the Board of Directors has also delegated the authority severally to the Vice Chairman & Managing Director (VC & MD) and the Company Secretary to approve the share transfers and accordingly, the VC & MD or the Company Secretary approve the transfer/transmission of shares generally at a frequency of about twice a month. The share transfer process is reviewed by the said Committee.

(xii) Shareholding Pattern

Shareholders	As on 31.12.2010		As on 31.12.2009	
	No. of Shares	%	No. of Shares	%
ABB Asea Brown Boveri Ltd. Zurich &				
ABB Norden Holdings AB, Sweden	158931282	75.000	110420285	52.108
Non-Resident Individuals / OCBs	335763	0.158	446193	0.211
Directors and their relatives	3500	0.002	3500	0.002
LIC / UTI / Other Insurance Cos.	24032871	11.342	43318448	20.441
Nationalised Banks/Other Banks	511266	0.241	979900	0.462
Mutual Funds	1446041	0.682	6030284	2.846
Foreign Institutional Investors	6374960	3.008	21308653	10.056
Bodies Corporate/Trust	1850122	0.873	5934434	2.800
General Public	18422570	8.694	23466678	11.074
Total	211908375	100.00	211908375	100.00

(xiii) Distribution of Shareholding as on December 31, 2010

Category	No. of Shareholders	No. of Shares held	% of equity capital
1 – 5000	92146	15596070	7.36
5001 – 10000	283	1911713	0.90
10001 – 50000	130	2385937	1.13
50001 – 100000	13	966874	0.46
100001 and above	23	191047781	90.15
Total	92595	211908375	100.00

(xiv) Dematerialisation of Shares and liquidity

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

As on December 31, 2010, 102015594 equity shares of the Company have been dematerialised representing 48.14% of the total shares. (101703577 equity shares were in dematerialised form representing 47.99% of the total shares as on December 31, 2009).

(xv) Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on equity

As on date, the Company has not issued GDRs, ADRs or any other Convertible Instruments and as such, there is no impact on the equity share capital of the Company.

(xvi) Code of Conduct

The Company has in place a Code of Conduct applicable to the Board Members as well as the Senior Management and that the same has been hosted on the Company's website. All the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct, as on December 31, 2010.

(xvii) Plant Locations

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

(xviii) Address for Correspondence

ABB Limited
2nd Floor, East Wing, Khanija Bhavan,
49, Race Course Road,
Bengaluru - 560 001
Phone: 080-22949150 to 22949153 Fax: 080-22949148
Corporate Secretarial E-mail ID: investor.helpdesk@in.abb.com
Corporate Website: www.abb.co.in

(xix) The Securities Exchange Board of India (SEBI) vide its earlier circulars have made the Permanent Account Number (PAN) as the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction. Further to this, SEBI had vide its circular No. MRD/Dop/Cir-05/2009 dated May 20, 2009, directed that for securities market transactions and off market transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish a copy of the PAN card to the Company / RTA, as the case may be, for registration of transfer of shares. In continuation to this circular, SEBI had vide its Circular No. SEBI/MRD/Dop/SE/RTA/Cir-03/2010 dated January 7, 2010, had clarified that it shall be mandatory to furnish a copy of PAN in the following cases:

1. Deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholders.
2. Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares.
3. Transposition of shares – when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.

In case of mismatch in PAN card details as well as difference in maiden name and current name (in case of married women) of the investors, the PAN card as submitted by the transferee(s) can be provided by furnishing sufficient evidence in support of the identity of the transferees like passport, Voter Card ID, Driving License, Photo Identity cards issued by Statutory Bodies, Banks, Public Sector Undertaking etc.

(xx) Corporate Identity Number

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

(xxi) Non-Mandatory Requirements

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

For and on behalf of the Board

Place : Bengaluru
Date : February 23, 2011

Gary Steel
Chairman

Annexure - D to Directors' Report

Corporate Governance Compliance Certificate

To
The Members of ABB Limited.

We have examined all relevant records of ABB Limited (the Company) for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with National Stock Exchange of India Limited (NSE), and Bombay Stock Exchange Limited (BSE), for the financial year ended December 31, 2010.

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

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

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

For D.R. Shressha & Associates
Company Secretaries

Place: Bengaluru
Date: February 23, 2011

D.R. Shressha
Proprietor
C.P. No. 6119

Management's Discussion and Analysis

Operating Results of the Company

During the year 2010, the Company secured orders of Rs 63,496 million, compared to highest ever level of Rs 86,847 million in the previous year. Booking of certain high value orders in the previous year, competitive market environment, management's decision to be selective based on credit and other risks for certain opportunities, de-logging of certain non-moving orders in non-core businesses upon foreclosure and delay in decisions by the customers accounted for lower order receipt during the year 2010. Company's order backlog at the end of the year stood at Rs 84,362 million thereby providing significant revenue visibility for the coming year.

Revenues during the year were at Rs 63,726 million as compared to Rs 63,098 million in the previous year. Lower short-cycle orders, decision to exit from rural electrification business of power systems segment and longer execution schedule of large value project orders resulted in marginal growth of revenues during the year.

Profit before tax for the year was lower at Rs 1,002 million as compared to Rs 5,274 million in the previous year, mainly on account of exit costs of rural electrification business, strategic orders with lower margin, higher input costs witnessed by the industry and adverse impact from fair valuation of forward foreign exchange and embedded derivative contracts. During the year, management continued to pursue several cost optimisation measures which along with lower interest expenses partially helped in reducing the above impact. Net profit after tax stood at Rs 632 million.

During the year, the Company has successfully commissioned certain new manufacturing facilities, completed planned expansion projects and continued to expand its range of offerings along with introducing several new products. Investment in fixed assets during the year was Rs 1,044 million.

Outlook for the Company

ABB Group demonstrated its higher engagement and confidence in the Indian market and its Indian operations by increasing its shareholding from 52.11% to 75% during the year. The Company expects the investment in power and other infrastructure sectors in India to continue. With growing robust domestic economy, comfortable order backlog position, potential for increase in exports, adequate manufacturing and engineering capabilities coupled with access to state-of-art global technologies, management is confident, barring unforeseen circumstances, of sustainable profitable growth of the Company in coming years.

Business Segment Analysis

Certain business segments of the Company were strategically reorganized during the year. Erstwhile automation products segment was split into discrete automation and motion segment and low voltage products segments to bring additional focus to all the product lines. Instrumentation business of automation products segment was moved to process automation segment to derive the required synergy. Robotics systems, reported as others segment, was merged with discrete automation and motion segment. Please refer to note 5, Schedule 16, for detailed description of the Company's business segments.

Power Systems Segment (PS)

The summarised performance of this segment is as under.

	(Rs in Millions)	
	2010	2009
Orders Received	18,324	33,478
Order Backlog	41,887	42,653
Revenues	18,267	17,192
Result	(1,105)	65

In line with the agenda of 'power to all by 2012', the Government continued to provide high focus on power sector reforms supplemented by introduction of national electricity policy in past few years. These measures have reflected in increasing investment in capacity addition, development of transmission network, power trading and power distribution improvements. Against power generation capacity addition target of 78,700 MW during the eleventh five year plan (2007-12), actual capacity addition is expected to be around 55,000 to 60,000 MW. This addition to generation capacity is significantly higher than achievements during any of the previous five year plans. Capacity additions & improvements in the T&D shall continue to be driven by the following factors:

- Demand and supply gap in energy production
- Low per capita consumption compared to global standards
- Need to support expected GDP growth of 8.5% to 9.0 % in the coming years
- Development in infrastructure sector including airports, metros, railways, dedicated rail freight corridors, roads, ports, water irrigation.

Added to the above, environmental concerns due to global warming, emission reduction initiatives are expected to support investments in smart grids, capacity efficiency and reliability and renewable source of energy. In the light of these developments, the business environment for the segment continues to be positive.

However, the segment has witnessed severe competition from the domestic and the international players in extra high voltage sector affecting the price levels. The other challenges faced by segment are requirement of skilled manpower to cater to the high market demand apart from the delays in commencement of project work by the customers due to difficulties in acquisition of land and also getting the environmental clearances.

The major orders received during the year included

- 765/400 kV transmission substations at Indore and Gwalior from PGCIL and from PMC Projects Pvt. Ltd.
- Electrical balance of plant packages for 2X270 MW TPP from Adhunik Power and Natural Resources Ltd. & 2X600 MW TPP from Coastal Energen Pvt. Ltd.
- Export orders for substations from utility companies in Bangladesh & Sri Lanka.

The company successfully commissioned many large projects including eBOP and 400/220 kV and GIS substation projects. The new terminal of the Delhi International Airport, one of the largest project for electrical and automation solution was also inaugurated during the year. Reach 1 of Bangalore Metro DC traction system was powered and trial run was successfully completed. Also the production of IED 650 relays was started during the year.

Revenues during the year were higher by 6 % which was led by electrical balance of plant business while most of the other core businesses witnessed moderate growth compared to the previous year. Profit of the segment was negatively impacted on account of exit costs in rural electrification business & execution of some of the strategic low margin orders. Considering favorable economic environment and good order backlog position, outlook for the segment remains to be positive.

Power Products Segment (PP)

The summarised performance of this segment is as under.

	(Rs in Millions)
Orders Received	2010
	15,903
Order Backlog	2009
	23,742
Revenues	2010
	18,188
Result	2009
	20,629
	18,155
	19,936
	819
	2,170

The business environment for the power products segment continued to be positive for similar reasons as described under power systems segment. The increasing trend of some customers to buy on turnkey basis from EPC contractors, entry of multiple suppliers both from local and overseas market coupled with available capacity for certain products and rise in commodity prices had some impact on the volumes, price levels and the margins in this segment. The demand for new technologies like gas insulated switchgears is on the rise due to space constraint in the urban areas which will position the technology leaders in a better way. Significant growth was also witnessed in the export business.

Major orders received during the year included

- 315/200/50 MVA power transformers from Bhartiya Rail Bijlee Company Ltd.,
- 19 number 2 MVA 11kV dry type transformers from MRF Limited,
- ED breaker orders from Gujarat Energy Transmission Corporation Limited, Punjab State Transmission Corporation Limited and BSES Limited,
- 765 kV breakers and current transformers for Power Grid Corporation of India Limited and Adani projects,
- 315MVA, 400kV GSU order received from NTPC Limited,
- 106 numbers of internal arc proof panel order from Arcelor Mittal, South Africa.

To maintain competitive edge in the market, during the year several new products were introduced/supplied by this segment. This included

- 33kV GIS double bus bar type ZX2.2 panels to Power Grid Corporation of India Limited,
- First time indigenously made ZS2 33kV AIS for Power Gen. Infra a/c Adani Power Tiroda TPP and Bangalore Metro Rail Corporation Limited projects.

New products developed during the year included low voltage APP capacitors and APFC panel for MV application. Major system commissioned during the year included 355 MVA, 420/20kV GT at Jindal Steel Works, Bellary and 150 MVA 231/15kV GT for Bhushan Steel and Power at Jharsuguda site.

Several cost saving, design optimization and operation excellence improvement projects have been launched to gain competitive edge. Establishment of manufacturing facility for 765kV range of instrument transformers and enhancement of capacity of internal arc proof MV SF6 switchgear panels are under implementation. Focus for further development of export business will continue to be pursued.

With these strong initiatives taken by the Company and expected increase in demand for power products from the utility & industrial sectors, the outlook for the segment continues to be positive.

Process Automation Segment (PA)

The summarised performance of this segment is as under.

	(Rs in Millions)
Orders Received	2010
	15,336
Order Backlog	2009
	13,151
Revenues	2010
	17,146
Result	2009
	13,715
	11,887
	12,922
	816
	1,551

Fuelled by GDP growth rate of over 8% during the year 2010, higher investment in power and other infrastructure sectors the demand in industrial sector also witnessed revival led by steel and cement industry. One of the key focus areas for these industries has been to improve the utilization of the installed capacities while certain new investments are in the planning stage. During the year, the Company received two large projects from SAIL for their Rourkela and Bhilai steel plants. Major investment plans put forward by some global steel majors are expected to materialize in the near future. Many cement manufacturers have meanwhile announced their capacity expansion plans though these may move slowly due to the fluctuating demand scenario. India is emerging as a major oil refining hub, thereby bringing increased focus on gas terminals and pipelines, where the company is well placed to contribute. Other sectors in this segment are also poised for growth and hence the overall economic environment is positive for the segment.

Supported by the positive external environment, orders received grew by 16% whereas revenues were lower by 8% compared to the previous year. Profitability of the segment reduced on account of lower revenues, competitive pricing and increase in commodity prices. However, negative impact on the margins was to some extent offset by initiatives in supply chain management & control on expenses. The additional focus on service business has also yielded good results.

The major orders received included those from SAIL for Bhilai and Rourkela steel plants, Visakhapatnam Steel Plant, electrics for ASU-IV, Essar, Salaya bulk terminal, Dungsam cement plant and Oil India Limited for SCADA system with instrumentation and electrical.

Major plants/systems for electrical and automation solutions commissioned during the year includes

- Safal Steel, South Africa - drives and automation for 6Hi cold rolling mill,
- Bhushan Power and Steel Ltd., Orissa - drives and automation for 6Hi cold rolling mills,
- SAIL, Salem steel plant - drives and automation for AP line and skin pass mill,
- L & T - TSL Dhamra Port, electrics and automation for conveyor system,
- Arabian Cement, Saudi Arabia - upgradation of line 5 - 4,500 tpd cement plant,
- Prism Cements, Al katrana Cement, Jordan - 5000 tpd cement plant, ACC Chanda - 7000 TPD plant, Reliance Hazira - cracker plant upgrade and ITC Ltd., Bhadrachalam - paper machine dry end drives.

To complement & increase metal unit's solution offerings and building technical capabilities, the Company acquired Metsys Engineering and Consultancy Pvt. Ltd. during the year. The segment also introduced full service model and secured newer export opportunities from Middle East, Africa and South East Asia.

With good order backlog, expected increase in growth rate of industrial production, expectation of firming up of the new and deferred investment plans of the customers and export opportunities, outlook for the segment remains positive.

Discrete Automation and Motion Segment (DM)

The summarised performance of this segment is as under:

	(Rs in Millions)	
	2010	2009
Orders Received	15,226	18,614
Order Backlog	11,368	11,606
Revenues	15,929	14,072
Result	1,321	1,805

Improving economic and industrial environment coupled with strategic thrust on capacity and range expansion, focused marketing actions and industry vertical management helped the segment in registering 14% growth in base load orders. There were fewer large orders decided during the year and as such overall orders received during the year were lower compared to the last year. Revenues grew by 13% as compared to the previous year. Due to impact from increased competition, rising commodity prices, adverse effect from fair valuation of forward foreign exchange and embedded derivatives, overall result was lower compared to the previous year.

During the year major focus was also given on renewable energy segment, namely solar and wind which resulted in orders from certain converter and wind generator majors. Segment was able to retain its strong market position in all its discrete automation and motion product baskets. Significant success came from focus on all major OEM segments including HVAC, pumps and compressors, boiler and general machinery manufacturers, food and beverages, power generation, fans and blowers, solar, wind sectors etc.

Commissioning of large systems during the year included high current rectifiers at Indonesia Aluminum Ltd., Indonesia, 3x64kA 490Vdc Rectifiers at Hindustan Zinc Ltd., Dariba and Rajasthan for their 210,000 TPA zinc smelter and Unitrol 6800 excitation system for 160 MW at Konaseema gas power plant in Andhra Pradesh.

To cater to growing demand for wind generators, a dedicated factory was commissioned during the year at Vadodara. Product range and capacity expansion activities during the year included ACS 2000 medium voltage drive for 6.6 kV motors, PVS 800 solar converters, ACS 850, ACS 810 and machinery drives production line in the new manufacturing facility at Nelamangala near Bangalore. Localized production of TEFC Range (HXR Series) of machines started at Vadodara plant.

The channel partner network was further expanded during the year which contributed more to revenues.

Expected high growth of economy and industrial sector, significant investments planned in infrastructure like power, roads, railways, water, ports and harbor and telecom coupled with the ongoing strategic thrust on market penetration, channel partner initiatives, increased emphasis on e-business and addition in capacity and range expansion is expected to keep up the growth momentum in the coming years. The overall outlook for the segment therefore continues to be positive.

Low Voltage Products Segment (LP)

The summarised performance of this segment is as under:

	(Rs in Millions)	
	2010	2009
Orders Received	4,636	4,428
Order Backlog	961	907
Revenues	4,486	3,825
Result	18	211

Low voltage product offerings cater to a wide variety of industries like cement, textiles, telecom, process industries, buildings and infrastructures, renewable energy, E-mobility, building automation and energy efficiency areas. The major channels of sales include channel partners, distributors, panel builders, original equipment manufacturers, system integrators, contractors, end users and utilities. Segment has 254 dedicated channel partners spread across the country to serve its customers who had contributed more than half of its revenues in the year 2010.

The business environment for the segment improved during the year 2010 after the slow down witnessed in the previous year. The building and construction sectors which are among the key markets for the segment recovered significantly initially due to the Central Government's stimulus packages and later due to overall growth of the economy. Infrastructure projects like commonwealth games, metro rail, telecom towers, high end housing and commercial building projects, capacity enhancements in various industrial sectors and investments in energy conservation and efficiencies continued to be the key demand drivers for the low voltage products. Orders and revenues were up by 5% and 17% respectively compared to the previous year. During the year, increase in commodity prices like copper and silver, lower price realization due to stiff competition in few product categories affected the profitability of the segment.

To maintain the competitive edge in the market, localization initiatives were launched across several product categories which involved development of indigenous vendors for components and investments in moulds and tools. Local assembly of size 4 and 5 contactors, design simplification and indigenization of the low voltage MNS panels were started during the year. Seminars were organized in all the major cities as part of the business promotional activities where new products like arc guard and star range of contactors were introduced.

The segment has ambitious growth plans enabled through increase in sales force and channels to cover the market white spots. With expected sustained growth across all the sectors of the economy, availability of capacities to ensure faster deliveries coupled with localization initiatives and range expansion, the overall outlook for the segment remains positive.

Finance

Interest rates after remaining stable in initial part of the year have started rising in the later part of the year. Liquidity position of the Company was comfortable and the Company remained debt free. Company remained focussed on its working capital management. Interest expenses during the year reduced to Rs 174 million compared to Rs 256 million in the previous year. Interest income from placement of temporary surplus funds as fixed deposits with the banks increased significantly on account of higher surplus fund and increase in interest rates to Rs 91 million as compared to Rs 11 million in the previous year. Net cash position (cash and bank balances less loan fund) at the end of the year was higher at Rs 5,871 million compared to Rs 5,241 million at the end of the previous year. The Company continued its policy to hedge all its foreign currency exposures for imports and exports to protect contract margins. As in the past, Company has maintained excellent relationship with major banks operating in India and was able to avail and negotiate favourable terms for various banking facilities.

Human Resources

Employee competency and career development continued to be human resource policy thrust areas. Several employee engagement initiatives were undertaken during the year to understand and address the career issues and aspirations of high performing employees.

During the year the focus was on developing workforce. The training programs at the entry and other levels as well as the consequent learning programs were enhanced to ensure that the Company has the right competencies in its workforce. These programs have helped in bridging the skill gaps and increasing employee motivation level. The company emphasized on the process of annual goal setting in the beginning of the year, followed by a mid-term review and annual performance review for all its employees.

The Company continued to develop innovative methods for accessing and attracting skilled professionals mainly in the areas of sales & marketing, project management & engineering. In a bid to involve employees in bridging the talent gap effectively, an employee referral scheme titled SMART was launched during the year which has yielded good results.

As in the past, the industrial relations continued to remain cordial at all the locations of the Company.

The Company had 6,128 (previous year: 6,222) employees at the end of 2010.

Internal Control System

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

The Company has a comprehensive budgetary control system and the management regularly reviews actual performance. The Company has also put in place a well-defined organization structure, clear authority levels and detailed internal guidelines for conducting business transactions. The Company has an independent internal audit department that conducts regular audits to ensure adequacy of the internal control system, adherence to management instructions and legal compliance. Audit plans are prepared in advance based on risk assessment. Internal audit also conducts reviews to ensure implementation of its recommendations and suggestions. The Audit Committee of the Board of Directors periodically reviews the audit plans, observations and recommendations of the internal and external auditors with reference to significant risk areas and adequacy of internal controls.

As per the requirements of Sarbanes Oxley Act, 2002 and Clause 49 of the Listing Agreement with the Stock Exchanges, the management has established adequate internal control procedures over financial reporting.

During the year, processes of customers' credit control and cash handling were further strengthened and physical verification of all the fixed assets of the Company was carried out.

CEO / CFO Certification

To
The Board of Directors
ABB Limited

We certify that:

1. We have reviewed the financial statements and cash flow statement of ABB Limited for the year ended December 31, 2010 and to the best of our knowledge and belief;
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. To the best of our knowledge and belief, there are, no transactions entered into by the company during the year, which are fraudulent, illegal or violating the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls over financial reporting and we have evaluated the effectiveness of internal control systems of the company over financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls over financial reporting, if any, of which we are aware and the steps we have taken, propose to take, to rectify these deficiencies. In our opinion, there are adequate internal controls over financial reporting.
4. We have indicated to the auditors and the audit committee that there are
 - (i) significant improvement in internal controls over financial reporting during the year;
 - (ii) changes in accounting policies made during the year as have been disclosed in the notes to the financial statements.
 - (iii) no instance of fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system on financial reporting.

Bengaluru,
February 23, 2011

Bazmi R. Husain
Chief Executive Officer
Managing Director

Amlan Datta Majumdar
Chief Financial Officer
Sr. Vice President - Finance

Auditors' Report To The Members of ABB Limited

1. We have audited the attached balance sheet of ABB Limited ('the Company') as at December 31, 2010 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on December 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at December 31, 2010;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

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

per Navin Agrawal
Partner
Membership No.:56102

Bengaluru, India
February 23, 2011

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

Re: ABB limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, fixed assets were physically verified by the management during the year and that no material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- Accordingly the provisions of clause (iii) (b), (c), (d), (f) and (g) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- (v) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act, that need to be entered into the register maintained under section 301 have been so entered. None of the transactions made in pursuance of such contracts or arrangements exceed the value of Rupees five lakhs in respect of any one such party in the financial year.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained.
- (ix) (a) According to the records of the company, the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues with the appropriate authorities.
- Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Amount * (Rs. in Thousands)	Period to which the amount relates	Forum where dispute is pending
Faridabad Development Act [Octroi]	Product Classification	30,400	1986-94	High Court
Sales Tax Act	Submission of Statutory Forms	900	1994-95	High Court
		18,153	1998-03	Deputy Commissioner(Appeals)
		367,411	2003-08	Joint Commissioner of Commercial Taxes(Appeals)
		635	2004-05	Joint Commissioner(Appeals)
		8,745	2005-07	Sales Tax Appellate Tribunal
	Differential Tax Charged	8,988	2006-07	Joint Commissioner of Commercial Taxes
		286,945	1994-07	Sales Tax Appellate Tribunal
		14,775	2001-08	Deputy Commissioner(Appeals)
	Works Contract Tax Charged	1,172,373	2003-07	High Court
		757,544	2006-09	Joint Commissioner of Commercial Taxes(Appeals)
		2,450	1995-96	Deputy Commissioner(Appeals)
Service Tax	Tax on Foreign Payments	8,126	2002-03	High Court
		14,692	1999-01	Sales Tax Appellate Tribunal
Customs Act	Tax on Freight Charges and Erection Services	17,547	2003-07	Commissioner
		2,516	2003-06	Commissioner (Appeals)
		13,426	1997-06	Customs Excise and Service Tax Appellate Tribunal(CESTAT)
		17,011	2003-06	Commissioner
		3,422	2005-06	High Court

* Net of Rs. 629,582 paid under protest.

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

per Navin Agrawal
 Partner
 Membership No.: 56102

Bengaluru, India
 February 23, 2011

Balance Sheet

			(Rs in Thousands)
As at December 31, 2010		Schedule	2010
			2009
Sources of Funds			
Shareholders' Funds			
Share Capital	1	423,817	423,817
Reserves and Surplus	2	<u>23,813,219</u>	<u>23,813,515</u>
		<u>24,237,036</u>	<u>24,237,332</u>
		<u><u>24,237,036</u></u>	<u><u>24,237,332</u></u>
Application of Funds			
Fixed Assets	3		
Gross Block		9,978,438	8,792,636
Less: Depreciation and Amortisation		<u>2,317,596</u>	<u>2,061,340</u>
Net Block		<u>7,660,842</u>	<u>6,731,296</u>
Capital Work in Progress including Capital Advances		<u>576,965</u>	<u>1,163,391</u>
		<u>8,237,807</u>	<u>7,894,687</u>
Investments	4	167,958	168,792
Deferred Tax Assets (net)	16(10)	<u>45,966</u>	<u>966</u>
Current Assets, Loans and Advances			
Inventories	5	6,978,526	7,294,061
Sundry Debtors	6	<u>29,259,657</u>	<u>28,577,298</u>
Cash and Bank Balances	7	<u>5,871,250</u>	<u>5,241,405</u>
Other Current Assets	8	<u>3,611,195</u>	<u>3,203,027</u>
Loans and Advances	9	<u>3,541,588</u>	<u>3,176,861</u>
		<u>49,262,216</u>	<u>47,492,652</u>
Less: Current Liabilities and Provisions			
Current Liabilities	10	31,630,477	29,869,326
Provisions	11	<u>1,846,434</u>	<u>1,450,439</u>
		<u>33,476,911</u>	<u>31,319,765</u>
Net Current Assets		<u>15,785,305</u>	<u>16,172,887</u>
Notes to Accounts	16	<u><u>24,237,036</u></u>	<u><u>24,237,332</u></u>

The Schedules referred to above form an integral part of the balance sheet.

As per our report of even date

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

per Navin Agrawal
Partner
Membership No. 56102

Bengaluru, February 23, 2011

For and on behalf of the Board
Gary Steel Chairman
Bazmi R. Husain Managing Director
Peter Leupp Director
Francis Duggan Director
Nasser Munjee Director
N.S. Raghavan Director
D.E. Udwadia Director
Arun Kanti Dasgupta Director
Amlan Datta Majumdar Chief Financial Officer
B. Gururaj Company Secretary

Bengaluru, February 23, 2011

Profit and Loss Account

			(Rs in Thousands)
For the year ended December 31, 2010	Schedule	2010	2009
Income			
Sales and Services		66,093,153	64,945,710
Less : Excise Duty on Sales		<u>3,222,035</u>	2,573,696
Sales and Services (Net)	12	62,871,118	62,372,014
Other Income	13	855,236	725,696
		63,726,354	63,097,710
Expenditure			
Cost of Materials and Erection Services		48,020,949	45,178,728
Personnel Expenses	14	4,901,126	3,892,346
Other Expenses	15	9,111,441	8,026,815
Depreciation/ Amortisation		518,600	487,804
Less: Transfer from Revaluation Reserve		<u>1,992</u>	2,746
Interest Expenses		516,608	485,058
		<u>173,927</u>	256,242
		62,724,051	57,839,189
Less : Expenses Capitalised		<u>-</u>	15,473
Profit Before Tax		62,724,051	57,823,716
Provision for Tax:		<u>1,002,303</u>	5,273,994
Current Tax		415,000	1,805,255
Deferred Tax		(45,000)	(39,000)
Fringe Benefits Tax *		-	(38,652)
* includes writeback of excess provision in respect of previous years			
Rs Nil (Previous Year - Rs 57,605 thousand)			
Profit After Tax		632,303	3,546,391
Add: Balance brought forward		607,178	556,632
Profit available for appropriation		1,239,481	4,103,023
Appropriations			
General Reserve		200,000	3,000,000
Proposed Dividend		423,817	423,817
Corporate Dividend Tax		70,391	72,028
Corporate Dividend Tax 2009		(1,637)	-
Balance carried forward		546,910	607,178
		<u>1,239,481</u>	<u>4,103,023</u>
Basic and Diluted Earnings per Equity Share (in Rs)	16(4)	2.98	16.74
(Face value Rs 2 per share)			
Notes to Accounts	16		

The Schedules referred to above form an integral part of the profit and loss account.

As per our report of even date

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

per Navin Agrawal
Partner
Membership No. 56102

Bengaluru, February 23, 2011

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For and on behalf of the Board
 Gary Steel Chairman
 Bazmi R. Husain Managing Director
 Peter Leupp Director
 Francis Duggan Director
 Nasser Munjee Director
 N.S. Raghavan Director
 D.E. Udwadia Director
 Arun Kanti Dasgupta Director
 Amlan Datta Majumdar Chief Financial Officer
 B. Gururaj Company Secretary

Bengaluru, February 23, 2011

		(Rs in Thousands)	
	As at December 31, 2010	2010	2009
Schedule 1 - Share Capital			
Authorised			
212,500,000	Equity Shares of Rs 2 each	425,000	425,000
750,000	11% Redeemable 10 year, Cumulative Preference Shares of Rs 100 each	75,000	75,000
		500,000	500,000
Issued, Subscribed and Paid Up			
211,908,375	Equity Shares of Rs 2 each	<u>423,817</u>	<u>423,817</u>

Notes:

Share Capital includes:

- a) 46,185,525 equity shares of Rs 2 each allotted as fully paid up at par, pursuant to contracts for consideration other than cash.
- b) 1,000,000 equity shares of Rs 2 each issued to the holders of 40,000 - 8.57% cumulative preference shares of Rs 100 each on cancellation of the preference shares in terms of a Scheme of Compromise between the Company and its preference/equity shareholders in 1988.
- c) 42,219,465 and 51,772,945 equity shares of Rs 2 each issued as fully paid up bonus shares by capitalisation of the General Reserve Account and Securities Premium Account respectively.
- d) 146,390,952 (Previous Year - 97,879,955) equity shares of Rs 2 each are held by ABB Asea Brown Boveri Limited, Zurich, Switzerland, the holding company and 12,540,330 (Previous Year - 12,540,330) equity shares of Rs 2 each are held by ABB Norden Holdings AB, Sweden, a subsidiary of the holding company.

	(Rs in Thousands)	
	2010	2009
As at December 31, 2010		
Schedule 2 - Reserves and Surplus		
Capital Reserve Account	10,971	10,971
Capital Redemption Reserve Account	75,000	75,000
Revaluation Reserve Account		
As per last Balance Sheet	140,028	142,774
Transferred to Profit and Loss Account	(1,992)	(2,746)
Withdrawn from Fixed Assets (refer to schedule 16(2.2))	<u>(138,036)</u>	-
	-	140,028
Securities Premium Account	593,990	593,990
Foreign Projects Reserve Account		
As per last Balance Sheet	-	4,000
Transferred to General Reserve Account	<u>-</u>	<u>(4,000)</u>
	-	-
General Reserve Account		
As per last Balance Sheet	22,386,348	19,382,348
Transferred from Foreign Projects Reserve Account	-	4,000
Transferred from Profit and Loss Account	<u>200,000</u>	<u>3,000,000</u>
	22,586,348	22,386,348
Profit and Loss Account		
Balance carried forward	<u>546,910</u>	<u>607,178</u>
	<u>23,813,219</u>	<u>23,813,515</u>

As at December 31, 2010

(Rs in Thousands)

Schedule 3 - Fixed Assets

Description	Gross Block			Depreciation/ Amortisation				Net Block		
	As at January 1, 2010	Additions	Deductions	As at December 31, 2010	As at January 1, 2010	For the year	Deductions	As at December 31, 2010	As at December 31, 2010	As at December 31, 2009
A. Tangible Assets										
1. Own Assets										
Freehold Land	368,990	65	110,017	259,038	-	-	-	-	259,038	368,990
Leasehold Land	140,368	-	1,351	139,017	3,948	2,341	-	6,289	132,728	136,420
Leasehold Improvements	213,671	3,422	13,576	203,517	50,997	18,349	10,770	58,576	144,941	162,674
Factory Buildings	1,827,784	471,008	83,887	2,214,905	257,999	65,059	56,918	266,140	1,948,765	1,569,785
Other Buildings	475,183	46,930	7,810	514,303	41,195	8,074	5,121	44,148	470,155	433,988
Residential Quarters	14,200	-	6,630	7,570	5,419	204	2,745	2,878	4,692	8,781
Plant and Machinery	4,962,909	846,650	121,047	5,688,512	1,353,498	336,402	88,952	1,600,948	4,087,564	3,609,411
Furniture and Fixtures	401,082	26,111	12,751	414,442	91,878	24,946	10,782	106,042	308,400	309,204
Vehicles	21,563	276	2,265	19,574	10,149	3,810	1,390	12,569	7,005	11,414
	8,425,750	1,394,462	359,334	9,460,878	1,815,083	459,185	176,678	2,097,590	7,363,288	6,610,667
2. Leased Assets										
Plant and Machinery	83,141	-	-	83,141	76,641	4,187	-	80,828	2,313	6,500
Vehicles	11,068	-	11,068	-	4,319	6,749	11,068	-	-	6,749
	94,209	-	11,068	83,141	80,960	10,936	11,068	80,828	2,313	13,249
Total Tangible Assets	8,519,959	1,394,462	370,402	9,544,019	1,896,043	470,121	187,746	2,178,418	7,365,601	6,623,916
B. Intangible Assets										
Technical Know-how Fees	181,861	161,600	55,239	288,222	109,271	29,945	55,239	83,977	204,245	72,590
Capitalised Software	90,816	16,337	19,359	87,794	56,026	15,590	19,359	52,257	35,537	34,790
Goodwill	-	58,403	-	58,403	-	2,944	-	2,944	55,459	-
Total Intangible Assets	272,677	236,340	74,598	434,419	165,297	48,479	74,598	139,178	295,241	107,380
	8,792,636	1,630,802	445,000	9,978,438	2,061,340	518,600	262,344	2,317,596	7,660,842	6,731,296
Previous Year	7,664,819	1,844,304	716,487	8,792,636	2,206,494	487,804	632,958	2,061,340		
Capital Work in Progress including Capital Advances										576,965
Grand Total										1,163,391
										8,237,807
										7,894,687

Notes :

1. Certain freehold and leasehold land, factory and other buildings and residential quarters were revalued during 1985, 1986 and 1996. Net amount of revaluation on such assets as at December 31, 2010 is **Rs Nil** (Previous Year Rs 140,028 thousand). Refer to schedule 16(2.2).
2. Residential Quarters include cost of shares in Lotus Court Private Limited **Rs 56 thousand** (Previous Year - Rs 56 thousand).

	(Rs in Thousands)	2010	2009
As at December 31, 2010			
Schedule 4 - Investments			
Long Term (At Cost) :			
Non Trade :			
Government Securities -			
Quoted :			
1,500,000 (Previous Year - 1,500,000) 6.25% Government of India Bonds of Rs 100 each		159,600	159,600
Others:			
Unquoted:			
10 (Previous Year - 10) 5.95% 15 Year Non - Cumulative Bonds of Karnataka Water & Sanitation Pooled Fund Trust of Rs 833,333 each (Previous Year Rs 916,667 each)	8,333		9,167
1,000 (Previous Year - 1,000) Shares of Rs 25 each fully paid up in Co-operative Bank of Baroda	25		25
	8,358		9,192
	167,958		168,792
Notes:			
Quoted Investments aggregate (Market value - Rs 137,025 thousand; Previous Year - Rs 137,520 thousand)		159,600	159,600
Unquoted Investments aggregate		8,358	9,192

Schedule 5 - Inventories

Stores and Spares	5,293	3,122
Raw Materials and Components	3,742,705	3,816,913
Goods in Transit - Raw Materials and Components	213,747	556,539
Finished Goods	737,789	698,454
Work-in-Progress	2,278,992	2,219,033
	6,978,526	7,294,061

	(Rs in Thousands)			
As at December 31, 2010	2010	2009		
Schedule 6 - Sundry Debtors				
(refer to schedule 16(6))				
Unsecured :				
Debts outstanding for a period exceeding six months				
- Considered Good	13,308,301	12,587,075		
- Considered Doubtful	<u>2,069,909</u>	<u>1,638,026</u>		
	<u>15,378,210</u>	<u>14,225,101</u>		
Other Debts - Considered Good	<u>15,951,356</u>	<u>15,990,223</u>		
	<u>31,329,566</u>	<u>30,215,324</u>		
Less: Provision for Doubtful Debts	<u>2,069,909</u>	<u>1,638,026</u>		
	<u><u>29,259,657</u></u>	<u><u>28,577,298</u></u>		
Schedule 7 - Cash and Bank Balances				
Cash and Cheques on hand	927,090	1,172,129		
Balances with Scheduled Banks				
- On Current Account	1,938,474	1,037,666		
- On Deposit Account	<u>2,967,878</u>	<u>3,009,016</u>		
- On Margin Account	<u>20,374</u>	-		
	<u><u>4,926,726</u></u>	<u><u>4,046,682</u></u>		
With Non Scheduled Banks - On Current Account	<u>17,434</u>	<u>22,594</u>		
	<u><u>5,871,250</u></u>	<u><u>5,241,405</u></u>		
Current Accounts with Non Scheduled Banks include				
	As at December 31, 2010	As at December 31, 2009	Maximum amount outstanding at any time during the year	Maximum amount outstanding at any time during the previous year
a) Hongkong & Shanghai Banking Corporation Ltd., Sri Lanka.	4,793	5,917	5,917	8,043
b) Hongkong & Shanghai Banking Corporation Ltd., Bangladesh.	<u>12,641</u>	<u>16,677</u>	<u>18,654</u>	<u>39,202</u>
Schedule 8 - Other Current Assets				
Contract Revenue in Excess of Billing and Unbilled Revenue	3,604,145	3,196,673		
Interest Accrued on Investments and Fixed Deposits	<u>7,050</u>	<u>6,354</u>		
	<u><u>3,611,195</u></u>	<u><u>3,203,027</u></u>		

	(Rs in Thousands)	2010	2009
As at December 31, 2010			
Schedule 9 - Loans and Advances			
(refer to schedule 16(6))			
Unsecured :			
Loans, Considered Good	1,184	1,399	
Advances recoverable in cash or in kind or for value to be received:			
- Considered Good	2,242,999	1,738,655	
- Considered Doubtful	<u>28,156</u>	<u>29,356</u>	
Less: Provision for Doubtful Advances	<u>2,271,155</u>	<u>1,768,011</u>	
	<u>28,156</u>	<u>29,356</u>	
Income Tax (net of provision)	2,242,999	1,738,655	
Fringe Benefits Tax (net of provision)	932,511	724,661	
Balances with Customs, Port Trusts and Excise Authorities	-	2,742	
	<u>364,894</u>	<u>709,404</u>	
	<u><u>3,541,588</u></u>	<u><u>3,176,861</u></u>	
Schedule 10 - Current Liabilities			
Acceptances	5,058,768	5,832,088	
Sundry Creditors			
- Dues to Micro and Small Enterprises (refer to schedule 16(27))	777,752	228,136	
- Others	<u>15,624,004</u>	<u>14,556,068</u>	
Advance Payment from Customers	<u>16,401,756</u>	<u>14,784,204</u>	
Billing in Excess of Contract Revenue	7,279,515	6,534,048	
Investor Protection and Education Fund shall be credited for unclaimed dividends amount when due	2,878,174	2,707,965	
	<u>12,264</u>	<u>11,021</u>	
	<u><u>31,630,477</u></u>	<u><u>29,869,326</u></u>	
Schedule 11 - Provisions			
Proposed Dividend	423,817	423,817	
Corporate Dividend Tax	70,391	72,028	
Fringe Benefits Tax (net of advance tax)	37,960	-	
Provident Fund	41,740	38,169	
Long term employee benefits	134,838	115,491	
Others - (refer to schedule 16(24))	<u>1,137,688</u>	<u>800,934</u>	
	<u><u>1,846,434</u></u>	<u><u>1,450,439</u></u>	

For the year ended December 31, 2010

Schedule 12 - Capacities, Production, Stock and Turnover (refer to schedule 16(11))

(Figures in brackets are in respect of previous year)

Class of goods	Annual Capacities		Opening Stock of Finished Goods		Production of Finished Goods		Closing Stock of Finished Goods		Turnover of Finished Goods	
	Quant. Denom.	Installed	Quantity	Rupees in Thousands	Quantity	Quantity	Rupees in Thousands	Quantity	Rupees in Thousands	
Motors and Other Machines	HP	4,389,000 (3,934,000)	106,410 (151,035)	131,887 (168,572)	4,021,646 (3,177,887)	177,876 (106,410)	206,211 (131,887)	3,950,180 (3,222,512)	4,944,053 (4,062,734)	
Switchgear of all types	Nos.	17,229,216 (17,098,367)	61,864 (121,216)	298,610 (178,698)	10,528,361 (7,850,767)	219,911 (61,864)	327,439 (298,610)	10,370,314 (7,904,591)	13,821,412 (13,197,663)	
PLCC Equipment	Nos.	3,500 (3,500)	- (33)	- (3,571)	2,696 (3,183)	- (-)	- (-)	2,696 (3,216)	478,973 (477,084)	
Multiplexures	Nos.	100 (100)	- (-)	- (-)	25 (31)	- (-)	- (-)	25 (31)	11,167 (20,460)	
Telemetering Equipment	Nos.	150 (150)	- (-)	- (-)	9 (2)	- (-)	- (-)	9 (2)	9,018 (2,503)	
Turbochargers	Nos.	650 (650)	6 (-)	13,290 (-)	504 (634)	- (6)	1,393 (13,290)	510 (628)	1,007,151 (916,838)	
Transformers	MVA	20,410 (18,375)	316 (-)	83,303 (-)	12,356 (16,231)	4 (316)	7,766 (83,303)	12,668 (15,915)	6,731,300 (7,155,027)	
Electronic Control and Supply Units for Variable Speed Drives and other applications	Nos.	102,958 (100,000)	58 (129)	29,734 (12,110)	45,147 (30,211)	190 (58)	22,948 (29,734)	45,015 (30,282)	7,127,708 (6,166,447)	
Mini Computer/Micro processor based Systems	Value Rs in Thousands	4,701,000 (4,251,297)	- (-)	35,969 (332)	2,016,170 (1,625,139)	- (-)	1,497 (35,969)	- (-)	2,050,642 (1,589,502)	
Power Capacitors of all types	MVAR	7,280 (6,780)	123 (12)	19,321 (747)	6,210 (5,912)	88 (123)	9,321 (19,321)	6,245 (5,801)	687,338 (557,809)	
Robotics	Nos.	74 (74)	- (-)	- (-)	56 (47)	- (-)	106 (-)	56 (47)	330,179 (322,639)	
Gas Analysers and Systems	Nos.	400 (400)	- (-)	96 (-)	299 (228)	2 (-)	1,605 (96)	297 (228)	483,926 (432,326)	
Process Control Instruments	Nos.	45,000 (45,000)	65 (13)	3,156 (393)	29,088 (26,700)	165 (65)	6,989 (3,156)	28,988 (26,648)	881,304 (733,986)	
Others		- (-)	- (5,071)	- (-)	- (-)	- (-)	8,799 (-)	- (-)	936,354 (960,393)	
Project Items		- (-)	83,088 (214,154)	- (-)	- (-)	- (-)	143,715 (83,088)	- (-)	19,911,600 (21,503,078)	
Erection, Commissioning and Engineering Services		- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	3,458,993 (4,273,525)	
				698,454 <u>(583,648)</u>			737,789 <u>(698,454)</u>		62,871,118 <u>(62,372,014)</u>	

Note: The Company's products are exempt from licensing requirement under the industrial policy by virtue of notification No. 477 (E) of 25.07.91.

	(Rs in Thousands)	
	2010	2009
For the year ended December 31, 2010		
Schedule 13 - Other Income		
Interest - Non Trade		
Long Term Investment	9,871	16,236
(Tax deducted at source Rs Nil; Previous Year Rs Nil)		
Deposit with Banks	90,583	10,803
(Tax deducted at source Rs 8,979 thousand; Previous Year Rs 1,389 thousand)		
Others	<u>32,614</u>	<u>156,254</u>
Scrap Sales	133,068	183,293
Commission Income	246,749	172,111
Miscellaneous Income	<u>41,705</u>	<u>34,122</u>
	<u>433,714</u>	<u>336,170</u>
	<u><u>855,236</u></u>	<u><u>725,696</u></u>

Schedule 14 - Personnel Expenses

Salaries, Wages and Bonus	4,195,108	3,370,124
Gratuity	87,863	46,094
Provident Fund	120,297	80,992
Contribution to Superannuation and other Funds	192,261	160,332
Workmen and Staff Welfare Expenses	191,213	158,024
Other Personnel Expenses	<u>114,384</u>	<u>76,780</u>
	<u><u>4,901,126</u></u>	<u><u>3,892,346</u></u>

(Rs in Thousands)

For the year ended December 31, 2010	2010	2009
Schedule 15 - Other Expenses		
Tools and Stores	295,609	321,283
Royalty and Technology Fees	1,157,042	790,339
Freight and Forwarding (net of recovery)	641,992	578,124
Postage and Telephone	90,822	94,954
Commission (to other than sole selling agent)	96,028	40,684
Discount	25,940	30,592
Power, Fuel and Water	304,680	271,616
Travelling and Conveyance	872,658	731,352
Insurance	107,051	101,993
Rates and Taxes	211,900	148,681
Rent	191,653	230,552
Repairs :Buildings	24,932	21,093
Plant and Machinery	157,429	113,623
Others	31,659	20,998
Provision for Doubtful Debts and Advances	430,682	452,298
Bad Debts / Advances Written Off	371,282	265,559
Loss on Sale of Fixed Assets (net)	41,862	70,449
Loss on Sale of Investment (net)	-	2,970
Printing and Stationery	60,179	54,312
Bank Charges	175,932	187,210
Legal and Professional	183,890	173,007
Trade Mark Fees	474,760	464,261
Information Technology Expenses	775,002	1,047,949
Exchange Rate Difference - Loss (net) (refer to schedule 16(23))	946,157	476,514
Miscellaneous	1,442,300	1,336,402
	<u>9,111,441</u>	<u>8,026,815</u>

Schedule 16 - Notes to the Accounts

1. Nature of Operations

ABB Limited ('the Company') has served utility and industry customers for over 60 years with the complete range of engineering, products, solutions and services in areas of Automation and Power technology. The Company has extensive installed base for manufacturing and a countrywide marketing and service presence. Besides catering to Indian domestic market, the Company is also playing an increasing role in the global market.

2. Significant Accounting Policies

2.1 Basis of Preparation of Financial Statements

The financial statements have been prepared to comply in all material respects with the notified accounting standards by Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis in accordance with the accounting principles generally accepted in India. The accounting policies have been consistently applied by the Company, except for the change in accounting policy discussed more fully below, and are consistent with those used in the previous year.

2.2 Change in Accounting Policy

Certain freehold and leasehold land, factory and other buildings and residential quarters were revalued during 1985, 1986 and 1996. During the year the management has decided to restate such assets at historical cost effective from 1st October, 2010. As a result an amount of **Rs 138,036 thousand** net of depreciation has been adjusted against book value of fixed assets and corresponding revaluation reserve. This has no impact on the profit for the year.

2.3 Use of Estimates

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

2.4 Fixed Assets (Tangible and Intangible)

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

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

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

The carrying amounts are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount. The recoverable amount is the greater of the assets' net selling price and value in use.

2.5 Depreciation/Amortisation

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

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

- Leasehold land and leasehold improvements over the period of the lease .
- Technical know - how fees over a period of six years .

- Capitalised software costs over a period of five years .
- Goodwill on acquisition over a period of five years .

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

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

2.6 Investments

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

2.7 Inventories

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

- Stores spares raw materials and components - 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 based on annual average cost of production which includes direct materials direct labour and manufacturing overheads Excise duty is included in the value of finished goods inventory

Provision for obsolescence is made wherever necessary

2.8 Employee Benefits

Contribution to Superannuation Fund a defined contribution scheme is made at pre - determined rates to the Superannuation Fund Trust and is charged to the profit and loss account There are no other obligations other than the contribution payable to the Superannuation Fund Trust

Contributions to the recognised Provident Fund Gratuity Fund and provision for other long term employee benefits - leave defined benefit schemes are made on the basis of actuarial valuations made at the end of each financial year and are charged to the profit and loss account during the year

Actuarial gains and losses are recognised immediately in the profit and loss account

2.9 Revenue Recognition

- Sales of products and services are recognised when significant risks and rewards of ownership of products are passed on to customers or when the service has been provided In case of large transformers revenue is recognised on achievement of contractual milestone Revenue recognised in excess of billing has been reflected under Other Current Assets as Unbilled Revenue Net sales are stated at contractual realisable values net of excise duty sales tax service tax value added tax and trade discounts
- Revenues from long-term contracts are recognised on the percentage of completion method in proportion that the contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs Contract revenue earned in excess of billing has been reflected under "Other Current Assets" and billing in excess of contract revenue has been reflected under "Current Liabilities" in the balance sheet
- Full provision is made for any loss in the year in which it is first foreseen
- Liquidated damages penalties are provided for as per the contract terms wherever there is a delayed delivery attributable to the Company
- Commission income is recognised as per contracts receipt of credit note
- Dividend income is recognised when the right to receive dividend is established
- Interest income is recognised on the time proportion method

2 10 Provisions

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

2 11 Research and Development

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

2 12 Foreign Currency Transactions

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

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

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

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

Gain or loss on fair valuation of forward exchange contracts for hedging highly forecasted transactions and embedded derivative contracts are recognised in the profit and loss account for the year in which it occurs.

2 13 Taxation

Tax expense comprises current tax, deferred tax and fringe benefits tax.

The current charge for income tax and fringe benefits tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act including probable adjustments if any for international transactions with associated enterprises. Provision for current income tax is made on the basis of the results of the year although the actual liability will be computed and paid on the basis of the results for the year ending March 31 2011.

The deferred tax for timing differences between the book and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is reasonable certainty that the assets can be realised in future. Deferred tax assets are reviewed at each balance sheet date for its realisability.

The Finance Act 2009 has withdrawn Fringe Benefits Tax with effect from April 1 2009.

2 14 Operating Leases

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

- 3 During the year the Company has acquired the business of M s Metsys Engineering and Consultancy Private Limited for a consideration of **Rs 84 621 thousand** plus applicable taxes. Assets purchased includes Inventories of **Rs 9 621 thousand** and plant and machinery of **Rs 3 087 thousand**. Excess of consideration over assets acquired amounting to **Rs 58 403 thousand** has been capitalised as goodwill.

For the year ended December 31

2010

2009

4 Earnings Per Share

a	Weighted average number of Equity Shares of Rs 2 each outstanding during the year	211 908 375	211 908 375
b	Net profit after tax attributable to equity shareholders Rs in thousand	632 303	3 546 391
c	Basic and Diluted Earnings Per Share in Rs	2 98	16 74

5 Segment Reporting

A Primary Segment Reporting by Business Segments

i) Composition of Business Segments

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

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

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

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

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

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

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

iv Inter Segment Transfer Pricing

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

- v Figures in brackets are in respect of the previous year
- vi The segment disclosures have been revised in the current year effective January 1 2010 and presented in line with Company's new organisation structure

Erstwhile Automation Product segment has been split into Discrete Automation and Motion segment and Low Voltage Product segment Instrumentation business from erstwhile Automation Product segment has been merged with Process Automation segment Robotics systems which was included in erstwhile Others segment has been merged with Discrete Automation and Motion segment Previous year figures have been reclassified in accordance with revised segment disclosures wherever necessary

vii) Segment Revenues, Results and Other Information

(Rs in Thousands)

	Power Systems	Power Products	Process Automation	Discrete Automation and Motion	Low Voltage Products	Total
External Sales (net of Excise Duty)	17,926,813 (16,885,483)	14,454,747 (16,478,555)	11,596,207 (12,690,762)	14,679,710 (12,654,142)	4,030,350 (3,286,779)	62,687,827 (61,995,721)
Inter Segment Sales	207,099 (138,277)	3,398,229 (3,290,606)	238,693 (196,687)	1,193,500 (1,332,876)	406,952 (493,530)	5,444,473 (5,451,976)
Other operating Income	133,107 (168,248)	302,430 (167,110)	51,805 (34,669)	55,516 (84,634)	48,260 (44,227)	591,118 (498,888)
Segment Revenues	18,267,019 (17,192,008)	18,155,406 (19,936,271)	11,886,705 (12,922,118)	15,928,726 (14,071,652)	4,485,562 (3,824,536)	68,723,418 (67,946,585)
Segment Results	-1,105,042 (65,141)	818,739 (2,170,419)	816,358 (1,551,416)	1,320,871 (1,804,598)	18,096 (210,912)	1,869,022 (5,802,486)
Segment Assets	15,478,582 (14,785,731)	12,201,526 (12,802,708)	8,812,426 (7,719,017)	8,174,612 (8,344,323)	2,867,423 (2,818,784)	47,534,569 (46,470,563)
Segment Liabilities	11,616,633 (9,898,859)	6,352,555 (6,642,665)	5,853,953 (5,429,781)	6,169,655 (6,449,091)	1,610,327 (1,449,969)	31,603,123 (29,870,365)
Capital Expenditure	25,252 (30,389)	327,320 (537,882)	61,531 (67,483)	326,065 (117,891)	111,894 (74,561)	852,062 (828,206)
Depreciation / Amortisation	11,956 (13,349)	194,494 (191,045)	29,121 (32,394)	97,862 (79,740)	51,417 (49,284)	384,850 (365,812)

viii) Reconciliation of Reportable Segments with the Financial Statements

(Rs in Thousands)

	Revenues	Results / Net Profit	Capital Expenditure	Assets	Liabilities
Total Segments	68,723,418 (67,946,585)	1,869,022 (5,802,486)	852,062 (828,206)	47,534,569 (46,470,563)	31,603,123 (29,870,365)
Corporate - Unallocated (net)	447,409 (603,101)	-692,792 (-272,250)	192,314 (804,344)	10,179,378 (9,086,534)	1,873,788 (1,449,400)
Inter Segment Sales	-5,444,473 (-5,451,976)	-	(-)	-	(-)
Interest Expense	- (-)	-173,927 (-256,242)	- (-)	- (-)	- (-)
Provision for tax	- (-)	-370,000 (-1,727,603)	- (-)	- (-)	- (-)
As per Financial Statements	63,726,354 (63,097,710)	632,303 (3,546,391)	1,044,376 (1,632,550)	57,713,947 (55,557,097)	33,476,911 (31,319,765)

B) Secondary Segment Reporting (by Geographical Segments)

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

	India	Rest of World	(Rs in Thousands) Total
Revenues	58,174,650 (57,340,281)	5,104,295 (5,154,328)	63,278,945 (62,494,609)
Total Assets	55,495,805 (54,300,815)	2,218,142 (1,256,282)	57,713,947 (55,557,097)
Capital Expenditure	1,041,819 (1,628,122)	2,557 (4,428)	1,044,376 (1,632,550)

As at December 31,

2010

2009

- 6.** Amounts due from companies under the same management as defined in sub-section (1-B) of Section 370 of the Companies Act, 1956, are as under:
- a) Sundry Debtors
 - ABB Global Industries and Services Limited **129,380** 160,208
 - b) Loans and Advances
 - ABB Global Industries and Services Limited
(Maximum amount due during the year **Rs 39,788 thousand**, Previous Year Rs 74,901 thousand) **1,739** 2,070
- 7. Contingent Liabilities**
- i) Claims against the Company not acknowledged as debts in respect of sales tax, excise and other matters **2,956,464** 1,685,368
 - ii) Bills discounted
The above excludes bills co-accepted by the customers' bankers/guaranteed by the State Governments **Rs 51 thousand** (Previous Year Rs 1,473 thousand) - -
 - iii) Income tax matters in dispute **110,936** 130,379
- The Company does not expect any reimbursements in respect of the above contingent liabilities and it is not practicable to estimate the timings of cash outflows, if any, in respect of matters above pending resolution of the arbitration / appellate proceedings.
- 8.** Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) **627,364** 450,055
- 9.** The Company has taken several premises under cancelable and non-cancelable operating leases. These lease agreements are normally for one to ten years and have option of renewal on expiry of lease period based on mutual agreement. The Company has non-cancelable operating lease obligations of **Rs 48,448 thousand** (Previous year Rs 46,533 thousand) payable within one year and **Rs 104,802 thousand** (Previous Year Rs 131,949 thousand) payable later than one year but not later than five years and **Rs 55,325 thousand** (Previous Year Rs 77,941 thousand) payable later than five years as on December 31, 2010. Rental expenses towards cancelable and non-cancelable operating lease charged to the profit and loss account amounts to **Rs 191,653 thousand** (Previous Year Rs 230,552 thousand).

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

10. Deferred Tax

The break up of net deferred tax assets /liability as at December 31, 2010 is as follows: (Figures in brackets are in respect of the previous year):

	Deferred Tax Asset	(Rs in Thousands) Deferred Tax Liability
Timing differences on account of:		
Difference between book depreciation and depreciation under the Income-tax Act, 1961	718,967 (617,193)	
Expenditure under Section 43B of the Income-tax Act, 1961	27,658 (14,415)	
Provisions for doubtful debts and advances	696,925 (566,630)	
Others	40,350 (37,114)	
Net Deferred Tax Assets	764,933 (618,159)	718,967 (617,193)
	45,966	(966)

11. Capacities, Production, Stock and Turnover (Refer Schedule 12)

11.1 Capacities

- a) Installed capacities are as certified by the Managing Director, but not verified by the auditors, being a technical matter.

11.2 Production

- a) Production of finished goods is inclusive of production for captive use.
- b) "Others" represent internally manufactured components, sold during the year. The Company considers these 'meant for sale' when actually sold. Since the quantitative denominations of these items are dissimilar, it is impracticable to disclose the quantitative information in respect of production and turnover.

11.3 Project items

- a) These comprise sale of equipment and miscellaneous items meant for execution of projects and trading items. Since the quantitative denominations of these items are dissimilar, it is impracticable to disclose the quantitative information in respect thereof.
- b) Purchases of these items during the year aggregated to **Rs 20,958,914 thousand** (Previous Year Rs 23,165,639 thousand).

11.4 Work-in-Progress

- a) The Work-in-Progress at the beginning of the year amounted to **Rs 2,219,033 thousand** (Previous Year Rs 1,899,009 thousand).

For the year ended December 31	(Rs in Thousands)	
	2010	2009

12. Earnings in Foreign Exchange

(on accrual basis)

i) Export of goods		
- Direct on FOB basis	4,640,321	4,594,609
- Supplies to SEZ (including local currency)	881,542	680,327
- Deemed Exports (including local currency)	3,793,376	2,926,269
ii) Goods supplied/services rendered locally against foreign exchange remittances	661,455	8,597
iii) Erection & Other Services	209,769	427,058
iv) Other Income :		
a) Commission	42,602	34,122
b) Service Charges and Others	211,603	98,539
	<u>10,440,668</u>	<u>8,769,521</u>

13. Consumption of Raw Materials and Components

(Rs in Thousands)

For the year ended December 31,

2010

2009

	Quantity	Amount	Quantity	Amount
Ferrous Metals	MT	1,607	77,218	1,034
Non-Ferrous Metals	MT	1,504	624,983	1,284
Components		*	19,656,807	*
Others			2,134,875	16,236,477
		<u>22,493,883</u>	<u>1,928,568</u>	<u>18,662,478</u>
	%	%		
Imported	32.77	7,371,640	39.45	7,362,727
Indigenously acquired	67.23	15,122,243	60.55	11,299,751
	<u>100.00</u>	<u>22,493,883</u>	<u>100.00</u>	<u>18,662,478</u>

For the purpose of para 4D (c) of Part II of Schedule VI to the Companies Act, 1956, components and spare parts are assumed to mean those incorporated in the product finally sold and not those used as spares for the repairs and maintenance of Plant and Machinery.

* Since the quantity denominations and the type of components are dissimilar in nature, it is impracticable to disclose the quantitative information in respect thereof.

	(Rs in Thousands)	
	2010	2009
For the year ended December 31,		
14. Value of Imports on CIF basis (on accrual basis)		
Raw Materials and Components including Spares	10,321,908	11,030,965
Finished Goods	2,139,614	2,301,267
Capital Goods including Technical Know-how	208,838	232,211
Project items	5,541,720	6,455,914
	18,212,080	20,020,357
15. Expenditure in Foreign Currency (on accrual basis)		
Royalty and Technology Fees	1,095,345	776,183
Trade Mark Fees	474,760	464,261
Professional / Project Consultancy	47,963	50,109
Travelling & Conveyance	86,340	75,230
Information Technology Expenses	212,976	472,763
Others	890,204	801,830
	2,807,588	2,640,376
16. Amount remitted during the year in foreign currency, on account of dividend		
i) Number of non resident shareholders	3	3
ii) Number of equity shares held by them on which dividend was paid	110,420,990	110,420,990
iii) Year ended to which the dividend related December 31,	2009	2008
iv) Amount remitted	220,841	242,926
17. Managerial Remuneration		
a) i) Directors' Fees	355	325
ii) Other remuneration		
Salary	8,900	8,973
Commission to Managing Director	-	3,662
Commission to Whole-time Director	-	1,200
Commission to Independent Directors	1,600	1,600
Contribution to Provident and other funds	2,403	2,423
Other perquisites	4,883	6,937
	17,786	24,795
	18,141	25,120
b) Computation of Net Profit as per Section 349 of the Companies Act, 1956		
Profit Before Tax as per profit and loss account	1,002,303	5,273,994
Add: Managerial remuneration	18,141	25,120
Loss on sale of fixed assets	42,425	72,191
Loss on sale of Investment	-	2,970
Provision for doubtful debts and advances	430,682	452,298
	491,248	552,579
	1,493,551	5,826,573
Less : Profit on sale of fixed assets	563	1,742
Net Profit as per Section 349 of the Companies Act, 1956	1,492,988	5,824,831

	(Rs in Thousands)	
	2010	2009
For the year ended December 31,		
Maximum permissible remuneration to Managing Director under Section 198 of the Companies Act, 1956 @ 5% of the profits computed above	74,649	291,242
Maximum permissible remuneration to Whole-time Directors under Section 198 of the Companies Act, 1956 @ 10% of the profits computed above	149,299	582,483
Maximum permissible remuneration to Independent Directors under Section 198 of the Companies Act, 1956 @ 1% of the profits computed above	14,930	58,248
Commission to Managing Director	-	3,662
Commission to Whole-time Director	-	1,200
Commission to Independent Directors	1,600	1,600
	1,600	6,462

Remuneration to Directors does not include provision for leave encashment and gratuity as it is provided in the books on the basis of actuarial valuation for the Company as a whole. For the year ended December 31, 2009, Rs 4,406 thousand was paid as commission to Managing Director, Rs 1,658 thousand was paid as commission to Whole-time Director and Rs 1,289 thousand was paid as commission to Independent Directors based on approval of Board of Directors.

18. Auditors' Remuneration

(for audit services excluding service tax)

i) Audit Fee	6,000	6,000
ii) Tax Audit Fee	3,100	2,475
iii) Other Audit Services		
- SOX Fee	4,000	4,000
- Quarterly Limited Review Fee	3,900	3,900
- Group Reporting Fee	3,000	3,000
iv) In other capacity	1,200	400
v) Reimbursement of out of pocket expenses	500	650
	21,700	20,425

19. Interest charge for the year includes **Rs Nil** (Previous Year Rs 9 thousand) being interest on fixed period loans. During the year the Company has capitalised interest on borrowing cost **Rs Nil** (Previous Year Rs 2,395 thousand).

20. Research and development expenditure of **Rs 110,161 thousand** (Previous Year Rs Nil) on revenue account has been incurred during the year.

21. Construction Contracts

	(Rs in Thousands)	
	2010	2009
Contract revenue recognised as revenue for the year ended December 31, 2010	25,685,669	26,411,392
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to December 31, 2010 for all the contracts in progress	88,662,631	68,871,093
The amount of customer advances outstanding for contracts in progress as at December 31, 2010	4,550,831	3,623,598
The amount of retentions due from customers for contracts in progress as at December 31, 2010	8,393,501	6,234,864

22. Related Party Disclosures

a) List of Related Parties

Party where control exists:

ABB Limited, Zurich, Switzerland (Ultimate Holding Company)

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

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

Fellow subsidiaries:

ABB (China) Ltd., Beijing, China	ABB LV Installation Materials Co. Ltd., Beijing, China
ABB (Hong Kong) Ltd., Hong Kong	ABB Malaysia Sdn Bhd., Subang Jaya, Malaysia
ABB (Pty) Ltd., Gaborone, Botswana	ABB Management Services Ltd., Zurich, Switzerland
ABB A/S, Skovlunde, Denmark	ABB Mexico S.A. de C.V., Tlalnepantla, Mexico
ABB AB, Västerås, Sweden	ABB N.V., Zaventem, Belgium
ABB AG, Mannheim, Germany	ABB Near East Trading Ltd., Amman, Jordan
ABB AS, Billingstad, Norway	ABB Oy, Helsinki, Finland
ABB AS, Tallinn, Estonia	ABB Power Systems and Automation Technology S.A.E, Cairo, Egypt
ABB Australia Pty Limited, Sydney, Australia	ABB Pte. Ltd., Singapore, Singapore
ABB Automation GmbH, Mannheim, Germany	ABB Qatar LLC., Doha, Qatar
ABB Automation Products GmbH, Ladenburg, Germany	ABB Research Ltd., Zurich, Switzerland
ABB Azerbaijan LLC, Baku, Azerbaijan	ABB S.A. de CV, San Salvador, El Salvador
ABB Bailey Beijing Engineering Co. Ltd., Beijing, China	ABB S.A., Buenos Aires, Argentina
ABB Beijing Drive Systems Co. Ltd., Beijing, China	ABB S.A., Casablanca, Morocco
ABB Borem Inc., Quebec, Canada	ABB S.A., Lima, Peru
ABB BV, Rotterdam, Netherlands	ABB S.A., Panama, Panama
ABB Capital, B.V., Amsterdam, Netherlands	ABB S.A., Rueil-Malmaison, France
ABB Chongqing Transformer Company Ltd., Chongqing, China	ABB S.A., Santiago, Chile
ABB CL Logistic S.A., Montevideo, Uruguay	ABB S.p.A., Milan, Italy
ABB Contracting Company Ltd., Riyadh, Saudi Arabia	ABB s.r.o., Prague, Czech Republic
ABB d.o.o., Belgrade, Serbia	ABB Schweiz AG, Baden, Switzerland
ABB D.o.o., Ljubljana, Slovenia	ABB Sécheron S.A., Satigny, Switzerland
ABB Electrical Industries Ltd., Riyadh, Saudi Arabia	ABB Service (Private) Ltd., Harare, Zimbabwe
ABB Electrical Machines Ltd., Shanghai, China	ABB Service Co. Ltd., Al Khobar, Saudi Arabia
ABB Electroengineering Ltd., Moscow, Russian Federation	ABB Shanghai Motors Co. Ltd., Shanghai, China
ABB Elektrik Sanayi A.S., Istanbul, Turkey	ABB South Africa (Pty) Ltd., Modderfontein, South Africa
ABB Engg. Technologies Co. (KSCC), Safat, Kuwait	ABB Sp. zo.o., Warsaw, Poland
ABB Engineering (Shanghai) Ltd., Shanghai, China	ABB SRL, Bucharest, Romania
ABB Engineering Trading and Service Ltd., Budapest, Hungary	ABB Stotz-Kontakt GmbH, Heidelberg, Germany
ABB ESAP Limited, St. Peter's Port, Guernsey	ABB Technologies S.A., Dakar, Senegal
ABB France SAS, Rueil Malmaison cedex, France	ABB Technologies W.L.L., Bahrain, Bahrain
ABB FZ-LLC, Dubai, United Arab Emirates	ABB Technology AB, Västeras, Sweden
ABB Global Industries and Services Limited, Bangalore, India	ABB Technology Ltd., Zurich, Switzerland
ABB Global Marketing FZ LLC, Dubai, United Arab Emirates	ABB Technology SA, Abidjan, Cote D'Ivoire
ABB High Voltage Switchgear (Xiamen) Company Ltd., Xiamen, China	ABB Transmission & Distribution Automation Equipment (Xiamen) Co. Ltd., Xiamen, China
ABB High Voltage Switchgear Co. Ltd., Beijing, China	ABB Transmission & Distribution Ltd., Abu Dhabi, United Arab Emirates
ABB Holding AS, Billingstad, Norway	ABB Trasmissione & Distribuzione S.p.A., in liquidazione, Milan, Italy
ABB Holdings (Pty) Ltd., Sunninghill, South Africa	ABB Turbo Systems (Hong Kong) Limited, Hong Kong, Hong Kong
ABB Holdings Sdn. Bhd., Subang Jaya, Malaysia	ABB Turbochargers S.A.E., Suez, Egypt
ABB Inc., Norwalk CT, United States of America	ABB Turbo-Systems AG, Baden, Switzerland
ABB Inc., St. Laurent, Quebec, Canada	ABB UAB, Vilnius, Lithuania
ABB Industries (L.L.C.), Dubai, United Arab Emirates	ABB Xiamen Electrical Controlgear Co. Ltd., Xiamen, China
ABB Industries FZ, Dubai, United Arab Emirates	

ABB Information Systems Ltd., Zurich, Switzerland
ABB Instrumentation Ltd., Warrington, United Kingdom
ABB International Marketing Ltd., Zurich, Switzerland
ABB Intra AG, Zurich, Switzerland
ABB Jiangjin Turbo Systems Company Limited, Chongqing, China
ABB K.K., Tokyo, Japan
ABB Limited, Auckland, New Zealand
ABB LIMITED, Bangkok, Thailand
ABB Limited, Nairobi, Kenya
ABB Limited, Warrington, United Kingdom
ABB LLC., Al Hamriya, Oman
ABB LLP., Almaty, Kazakhstan
ABB Logistics Center Europe GmbH, Menden, Germany
ABB Ltd, Dublin, Ireland
ABB Ltd., Hanoi, Vietnam
ABB Ltd., Kiev, Ukraine
ABB Ltd., Lusaka, Zambia
ABB Ltd., Moscow, Russian Federation
ABB Ltd., Seoul, Korea, Republic Of Korea
ABB Ltd., Taipei, Taiwan, Province Of China
ABB Ltd., Zagreb, Croatia
ABB Ltd., Osasco, Brazil

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, Inc., Paranaque, Metro Manila, Philippines
ABB, s.r.o., Bratislava, Slovakia
ABBNG Limited, Lagos, Nigeria
Asea Brown Boveri (Pty) Ltd., Windhoek, Namibia
Asea Brown Boveri Electrica SGPS (Angola) Limitada, Luanda, Angola
Asea Brown Boveri Ltd., Port Louis, Mauritius
Asea Brown Boveri Ltda., Bogotá, Colombia
Asea Brown Boveri Ltda., La Paz, Bolivia
Asea Brown Boveri S.A., Madrid, Spain
Asea Brown Boveri S.A., Metamorphosis Attica, Greece
Asea Brown Boveri S.A.E., Cairo, Egypt
Busch-Jaeger Elektro GmbH, Mannheim/Lüdenscheid, Germany
Electrical Materials Center, Riyadh, Saudi Arabia
PT ABB Installation Materials, Jakarta, Indonesia
PT ABB Jasa Indonesia, Jakarta, Indonesia
PT ABB Sakti Industri, Jakarta, Indonesia
PT ABB Transmission and Distribution, Jakarta, Indonesia
Pucaro Elektro-Isolierstoffe GmbH, Roigheim, Germany
Turbo Systems United Co. Ltd., Tokyo, Japan

Key Management Personnel :

Managing Director:

Mr. Biplab Majumder

Chief Financial Officer:

Mr. Amlan Datta Majumdar

(Rs in Thousands)

2010

2009

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) Sales, Services and Other income

Fellow Subsidiaries:

- ABB Contracting Company Ltd., Riyadh, Saudi Arabia	723,331	28,507
- ABB Oy, Helsinki, Finland	521,804	330,585
- ABB Global Industries and Services Limited, Bangalore, India	439,866	490,844
- Other fellow subsidiaries	2,634,257	2,790,499
	<u>4,319,258</u>	<u>3,640,435</u>

ii) Purchases of Raw Materials, Components and Project items

Fellow Subsidiaries:

- ABB Oy, Helsinki, Finland	3,267,040	4,110,039
- ABB AB, Västerås, Sweden	2,381,168	2,211,948
- ABB Schweiz AG, Baden, Switzerland	1,772,490	2,394,235
- Other fellow subsidiaries	6,346,070	5,743,626
	<u>13,766,768</u>	<u>14,459,848</u>

iii) Expenditure on ESAP Charges

Fellow Subsidiaries:

- ABB ESAP Limited, St. Peters' Port, Guernsey	3,045	15,462
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iv) Expenditure on Royalty, Trade-mark, Technical and Consultancy Services

Holding Company

Fellow Subsidiaries:

- ABB Technology Ltd., Zurich, Switzerland	955,593	687,983
- Other fellow subsidiaries	123,956	63,663
	<u>1,079,549</u>	<u>751,646</u>

v) Expenditure on Information technology, Engineering, Management and Other Services

Holding Company

Fellow Subsidiaries:

- ABB Global Industries and Services Limited, Bangalore, India	435,454	375,952
- ABB Information Systems Ltd., Zurich, Switzerland	212,976	472,763
- ABB Research Ltd., Zurich, Switzerland	110,161	-
- ABB Management Services Ltd., Zurich, Switzerland	108,242	168,347
- ABB FZ-LLC, Dubai, United Arab Emirates	71,623	-
- ABB AB, Västerås, Sweden	25,797	164,268
- Other fellow subsidiaries	470,317	396,551
	<u>1,434,570</u>	<u>1,577,881</u>

vi) Interest Expenses

Fellow Subsidiaries:

- ABB Global Industries and Services Limited, Bangalore, India	-	13,098
- ABB Oy, Helsinki, Finland	-	793
	<u>-</u>	<u>13,891</u>

		(Rs in Thousands)
	2010	2009
vii) Capital expenditure for Technical Know-how		
Fellow Subsidiaries:		
- ABB Oy, Helsinki, Finland	73,088	33,297
- ABB Schweiz AG, Baden, Switzerland	54,415	-
- ABB France SAS, Rueil Malmaison cedex, France	-	8,174
- Other fellow subsidiaries	<u>6,878</u>	<u>-</u>
	<u>134,381</u>	<u>41,471</u>
viii) Other Capital expenditure		
Fellow Subsidiaries:		
- ABB AB, Västerås, Sweden	15,075	7,212
- ABB S.p.A., Milan, Italy	8,338	9,743
- ABB Oy, Helsinki, Finland	6,537	10,293
- ABB Australia Pty Limited, Sydney, Australia	5,779	-
- ABB Turbo-Systems AG, Baden, Switzerland	-	15,096
- Other fellow subsidiaries	<u>4,384</u>	<u>3,488</u>
	<u>40,113</u>	<u>45,832</u>
ix) Fixed assets (sold)		
Fellow Subsidiaries:		
- ABB International Marketing Limited, Zurich, Switzerland	<u>-</u>	<u>1,099</u>
	<u>-</u>	<u>1,099</u>
x) Outstanding balances		
Debtors and Advances		
Holding Company	2,518	4,121
Fellow Subsidiaries:		
- ABB Contracting Company Ltd., Riyadh, Saudi Arabia	425,025	23,408
- ABB AB, Västerås, Sweden	148,325	159,808
- ABB Global Industries and Services Limited, Bangalore, India	131,119	162,278
- Other fellow subsidiaries	<u>1,009,591</u>	<u>822,042</u>
	<u>1,714,060</u>	<u>1,167,536</u>
Creditors		
Holding Company	124,656	115,292
Fellow Subsidiaries:		
- ABB Oy, Helsinki, Finland	1,288,944	1,573,603
- ABB AB, Västerås, Sweden	1,142,610	912,633
- ABB Schweiz AG, Baden, Switzerland	755,100	1,063,335
- Other fellow subsidiaries	<u>2,492,567</u>	<u>2,486,379</u>
	<u>5,679,221</u>	<u>6,035,950</u>
xi) Unsecured loan taken (repaid during the year)		
Fellow Subsidiaries:		
- ABB Global Industries and Services Limited, Bangalore, India	<u>-</u>	<u>2,235,000</u>
xii) Dividend Paid during the year		
Holding Company	195,760	215,336
Fellow Subsidiaries	25,081	27,589
	<u>16,186</u>	<u>17,175</u>
xiii) Remuneration to Managing Director *		
	<u>-</u>	<u>6,020</u>
xiv) Remuneration to Whole-time Director		
	<u>9,019</u>	<u>2,734</u>

* Excludes retirement benefits paid

Remuneration to directors and chief financial officer does not include Provision for Leave Encashment and Gratuity as it is provided in the books on the basis of actuarial valuation for the Company as a whole. During the previous year the remuneration to Whole-time Director Mr. K Rajagopal for the year ended December 31, 2009 is for the period from January 1 to July 31, 2009. The remuneration to Chief Financial Officer includes payment made to Mr. K Rajagopal for the period August 1 to August 31, 2009 and to Mr. Amlan Datta Majumdar for the period September 1 to December 31, 2009.

- 23.** Exchange rate variation - (Gain) / Loss (net) for the year includes loss on account of fair valuation of foreign exchange forward contracts for firm trade commitments and embedded derivative contracts amounting to **Rs 562,025 thousand** (Previous Year Rs 112,395 thousand). The pro rata difference between the forward contract rate and the exchange rate on the date of transaction to be charged to profit and loss account is **Rs 59,625 thousand** (Previous Year Rs 58,223 thousand).

24. Provisions

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

Class of provisions	As at January 1, 2010	Additions	Amounts used	Unused Amounts reversed	(Rs in Thousands) As at December 31, 2010
Warranties	686,456 (630,042)	619,227 (244,482)	234,242 (122,461)	137,779 (65,607)	933,662 (686,456)
Sales Tax	53,462 (21,458)	150,373 (33,334)	49,583 (-)	8,157 (1,330)	146,095 (53,462)
Litigations	59,810 (57,160)	1,775 (2,650)	1,350 (-)	3,510 (-)	56,725 (59,810)
Restructuring	1,206 (1,206)	- (-)	- (-)	- (-)	1,206 (1,206)

- b) Nature of provisions:

- a. 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, 2010 represents the amount of the expected cost based on technical evaluation and past experience of meeting such obligations.
- b. Provision for Sales Tax represents mainly the differential sales tax liability on account of non – collection of declaration forms.
- c. Provision for litigation represents claims against the Company not acknowledged as debts that are expected to materialise in respect of matters in litigation.
- d. Provision for restructuring represents the liability that is expected to materialise in respect of units hived off in past.

- 25.** The employees of the Company are entitled to purchase shares of ABB Limited., Zurich (the ultimate holding company) on the settlement date, at a price fixed based on the fair market price on the grant date under ABB Employee Share Acquisition Plan. During the year, the Company has been cross charged **Rs 3,045 thousand** (Previous Year Rs 15,462 thousand) towards the above including administrative charges and this has been charged in the profit and loss account under the head Salaries, Wages and Bonus.

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

26. Derivative Instruments

- i) Forward cover for foreign currency debtors outstanding as of balance sheet date is **Rs 2,120,925 thousand** (Previous Year Rs 1,292,530 thousand).
- ii) Forward cover for expected future sales or highly probable forecast transaction as of balance sheet date is **Rs 4,044,113 thousand** (Previous Year Rs 2,979,301 thousand).
- iii) Forward cover for foreign currency creditors outstanding as of balance sheet date is **Rs 6,440,017 thousand** (Previous Year Rs 6,748,480 thousand).
- iv) Forward cover for expected future purchases or highly probable forecast transaction as of balance sheet date is **Rs 4,428,841 thousand** (Previous Year Rs 1,929,404 thousand).
- v) Foreign currency exposure (net) that are not hedged by derivative instruments or otherwise is **Rs 431,549 thousand** (Previous Year Rs 668,879 thousand).

- 27.** The Company has amounts dues to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at December 31, 2010.

	(Rs in Thousands)	
	2010	2009
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at December 31, 2010.		
Principal amount	777,753	228,136
Interest	388	88
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, 2010.		
Principal amount	493,946	271,997
Interest	5,273	2,500
iii) The amount of interest due and payable for the period of delay in making payment (beyond the appointed day during the year)	210	25
iv) The amount of interest accrued and remaining unpaid for the year ending December 31, 2010.	598	113
v) The amount of further interest remaining due and payable for the earlier years.	-	-

Note: The information has been given in respect of only those suppliers who have intimated the Company that they are registered as micro and small enterprises.

- 28.** Sales are net of excise duty amounting to **Rs 3,222,035 thousand** (Previous Year Rs 2,573,696 thousand) and liquidated damages amounting to **Rs 1,128,098 thousand** (Previous Year Rs 173,470 thousand). Reversal of excise duty on increase in inventory of finished goods amounting to **Rs 2,328 thousand** (Previous Year charge of Rs 9,575 thousand) has been accounted in the profit and loss account under the head 'Cost of Materials and Erection Services'.

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

	2010		(Rs in Thousands)	
	Gratuity	Provident Fund	Gratuity	Provident Fund
i) Change in benefit obligations				
Projected benefit obligations at beginning of the period	575,570	2,086,293	520,302	1,822,049
Current Service Cost	56,154	155,309	48,922	129,983
Contribution by plan participants (employees)	-	270,594	-	239,210
Interest cost	43,168	156,472	39,022	136,654
Benefits paid	(39,329)	(206,343)	(30,737)	(203,807)
Actuarial loss/(gain)	31,553	17,291	(1,939)	(37,796)
Projected benefit obligations (PBO) at the end of the period	<u>667,116</u>	<u>2,479,616</u>	<u>575,570</u>	<u>2,086,293</u>

	2010		(Rs in Thousands)	
	Gratuity	Provident Fund	2009	Provident Fund
ii) Change in plan assets				
Plan assets at the beginning of the period, at fair value	540,990	2,048,124	491,881	1,768,520
Contributions	50,315	387,320	39,935	335,562
Expected return on plan assets	49,183	181,782	40,959	146,752
Actuarial (loss)/gain	(6,171)	26,993	(1,048)	1,097
Benefits paid	(39,329)	(206,343)	(30,737)	(203,807)
Plan assets at the end of the period, at fair value	594,988	2,437,876	540,990	2,048,124
iii) Actual return on plan assets				
Expected Return on plan assets	49,183	181,782	40,959	146,752
Actuarial (loss)/gain on plan assets	(6,171)	26,993	(1,048)	1,097
Actual return on plan assets	43,012	208,775	39,911	147,849
iv) Present value of the defined benefit obligation				
Plan assets at the end of the period, at fair value	594,988	2,437,876	540,990	2,048,124
Liability recognised in the balance sheet	72,128	41,740	34,580	38,169
v) Cost for the period				
Current Service cost	56,154	155,309	48,922	129,983
Interest cost	43,168	156,472	39,022	136,654
Expected return on plan assets	(49,183)	(181,782)	(40,959)	(146,752)
Actuarial loss/(gain)	37,724	(9,702)	(891)	(38,893)
Expense recognised in the statement of profit & loss	87,863	120,297	46,094	80,992
vi) Investment Details (% invested)				
GOI Securities	29.9	28.2	33.9	28.6
State Government Securities	18.3	12.9	15.6	13.1
PSU Securities	27.9	37.6	23.9	32.5
Special Deposit Scheme	15.6	9.4	17.3	14.5
Others (including bank balances)	8.3	11.9	9.3	11.3
	100.0	100.0	100.0	100.0
vii) Assumptions				
Interest rate for discount - per annum	8.50%	8.50%	7.50%	7.50%
Estimated rate of return on plan assets - per annum	9.00%	8.50%	8.25%	8.00%
viii) Experience Adjustment				
Gratuity	2010	2009	2008	2007
Defined Benefit Obligation	667,116	575,570	520,302	430,650
Plan Assets	594,988	540,990	491,881	412,252
Surplus / (Deficit)	(72,128)	(34,580)	(28,421)	(18,398)
Experience Adjustments on Plan Liabilities	42,986	8,240	51,270	7,538
Experience Adjustments on Plan Assets	6,171	(1,048)	(2,751)	(1,446)
Provident Fund				
Defined Benefit Obligation	2,479,616	2,086,293	1,822,049	1,527,153
Plan Assets	2,437,876	2,048,124	1,768,520	1,482,996
Surplus / (Deficit)	(41,740)	(38,169)	(53,529)	(44,157)
Experience Adjustments on Plan Liabilities	17,291	35,401	1,727	2,429
Experience Adjustments on Plan Assets	(26,993)	1,097	(6,871)	(172)

Notes:

- i) 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.
- ii) The Company expects to contribute **Rs 96,649 thousand** (Previous Year Rs 50,700 thousand) to Gratuity Fund and **Rs 132,327 thousand** (Previous Year Rs 89,091 thousand) to Provident Fund in 2011.
- iii) The attrition rate for gratuity varies from 1% to 8% for various age groups.

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

As per our report of even date

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

Per Navin Agrawal
Partner
Membership No. 56102

Bengaluru, February 23, 2011

For and on behalf of the Board
Gary Steel Chairman
Bazmi R. Husain Managing Director
Peter Leupp Director
Francis Duggan Director
Nasser Munjee Director
N.S. Raghavan Director
D.E. Udwadia Director
Arun Kanti Dasgupta Director
Amlan Datta Majumdar Chief Financial Officer
B. Gururaj Company Secretary

Bengaluru, February 23, 2011

Cash Flow Statement

	(Rs in Thousands)	
For the year ended December 31, 2010	2010	2009
A. Cash Flow from Operating Activities		
Net Profit Before Tax	1,002,303	5,273,994
Adjustments for		
Depreciation/ Amortisation	516,608	485,058
Unrealised Exchange Loss / (Gains) (net)	402,674	(91,239)
Loss / (Profit) on Sale of Fixed Assets, (net)	41,862	70,449
Loss / (Profit) on Sale of Investments, (net)	-	2,970
Interest Income	(133,068)	(183,293)
Interest Expense	173,927	256,242
Operating Profit before Working Capital Changes	<u>2,004,306</u>	<u>5,814,181</u>
Movement in Working Capital		
(Increase) / Decrease in Sundry Debtors	(714,506)	1,172,237
(Increase) / Decrease in Inventories	315,535	(867,527)
(Increase) / Decrease in Other Current Assets	(407,472)	598,943
(Increase) / Decrease in Loans and Advances	(159,915)	1,079,735
Increase / (Decrease) in Current Liabilities and Provisions	<u>1,750,986</u>	<u>(1,565,655)</u>
Cash Generated from Operations	2,788,934	6,231,914
Direct Taxes Paid (net of refunds)	(582,148)	(2,687,038)
Net Cash generated from Operating Activities	<u><u>2,206,786</u></u>	<u><u>3,544,876</u></u>
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(1,044,376)	(1,632,550)
Proceeds from sale of Fixed Assets	2,758	13,080
Sale/Maturity of Investments	834	439,482
Interest Received	132,372	194,204
Deposits (with maturity more than three months)	(20,374)	-
Net Cash used in Investing Activities	<u><u>(928,786)</u></u>	<u><u>(985,784)</u></u>

	(Rs in Thousands)	2010	2009
For the year ended December 31, 2010			
C. Cash Flow from Financing Activities			
Proceeds from new Borrowings	850,000	28,435,000	
Repayment of Borrowings	(850,000)	(28,435,202)	
Interest Paid	(173,927)	(255,527)	
Dividend (including Corporate Dividend Tax) paid	(494,602)	(544,271)	
Net Cash used in Financing Activities	(668,529)	(800,000)	
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	609,471	1,759,092	
Cash and Cash Equivalents (Opening Balance)	5,241,405	3,482,313	
Cash and Cash Equivalents (Closing Balance)	5,850,876	5,241,405	
 Components of Cash and Cash Equivalents as at December 31,			
 Cash and Cheques on hand	 927,090	 1,172,129	
Balances With Banks - On Current Account	1,955,908	1,060,260	
- On Deposit Account	2,967,878	3,009,016	
	5,850,876	5,241,405	

Notes:

- 1) Cash and Cash Equivalents at the end of the year represent cash and cheques on hand and cash and deposits with banks. Cash and Cash Equivalents includes unclaimed dividend of **Rs 12,264 thousand** (Previous Year Rs 11,021 thousand) being restricted cash.
- 2) The figures of the previous year have been regrouped/reclassified, where necessary, to conform with the classification of the current year.
- 3) Cash Flow Statement is made using the indirect method.

As per our report of even date

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

per Navin Agrawal
Partner
Membership No. 56102

Bengaluru, February 23, 2011

For and on behalf of the Board

Gary Steel	Chairman
Bazmi R. Husain	Managing Director
Peter Leupp	Director
Francis Duggan	Director
Nasser Munjee	Director
N.S. Raghavan	Director
D.E. Udwadia	Director
Arun Kanti Dasgupta	Director
Amlan Datta Majumdar	Chief Financial Officer
B. Gururaj	Company Secretary

Bengaluru, February 23, 2011

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No.	L32202KA1949PLC032923		
Balance Sheet Date	31	12	10

Date Month Year

State Code 0 8

II Capital Raised during the year (Rs in Thousands)

Public Issue	NIL		
Bonus Issue	NIL		

Rights Issue NIL

Private Placement NIL

III Position of Mobilisation and Deployment of Funds (Rs in Thousands)

Total Liabilities	24237036		
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Total Assets 24237036

Sources of Funds			
Paid-up Capital	423817		
Secured Loans	NIL		
Deferred Tax Liability	NIL		

Reserves and Surplus 23813219

Unsecured Loans NIL

Application of Funds			
Net Fixed Assets	8237807		
Net Current Assets	15785305		
Accumulated Losses	NIL		

Investments 167958

Misc. Expenditure NIL

Deferred Tax Assets 45966

IV Performance of the Company (Rs in Thousands)

Turnover	63726354		
+/- Profit/Loss Before Tax	+1002303		
Earnings per Share in Rs	2.98		

Total Expenditure 62724051

+/- Profit/Loss After Tax +632303

Dividend Rate % 100

V Generic Names of Three Principal products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	85.35
Product Description	Switchgears of all types
Item Code No. (ITC Code)	85.04
Product Description	Electronic Control and Supply Units for Variable Speed Drives and other applications
Item Code No. (ITC Code)	85.04
Product Description	Transformers

Notes

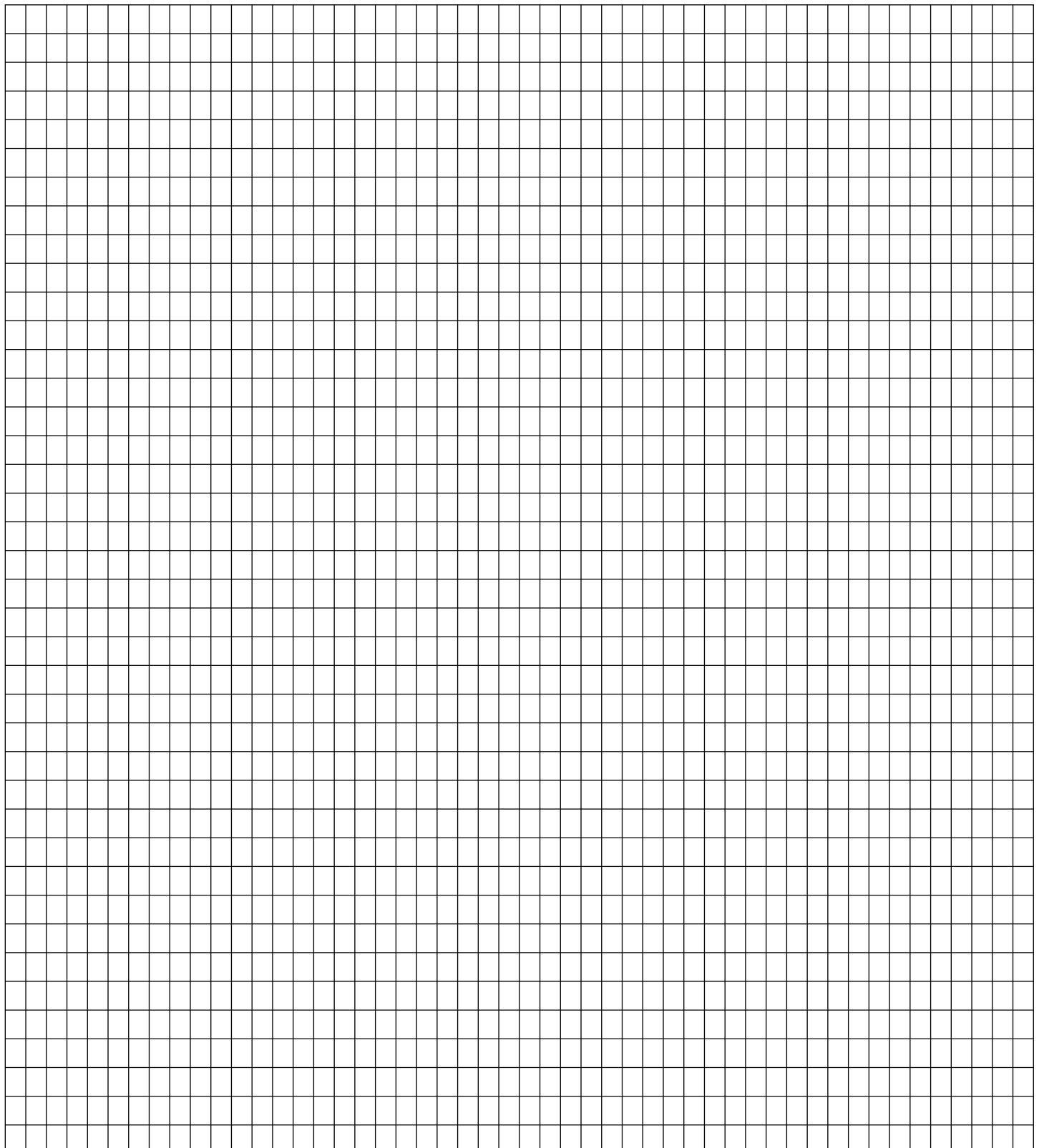


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