

- i) **Long-term (Construction type) contracts** - The long term contracts are ordinarily presumed to consist of combined obligations which are not distinct in the context of the contract (i.e., single performance obligation). This is highly attributed to the long-term construction nature of the projects, whereby deliverables are typically highly interrelated and combined. The typical scope of turnkey contracts arrangements includes engineering, manufacturing, shipment, delivery installation, testing, erection and commissioning and civil works. Although there are several components to the overall scope of the contract, the turnkey contracts are generally considered one performance obligation.
- ii) **Products manufacturing and erection, commissioning and installation contracts** - These contracts comprising of two performance obligations of supply of products and erection and commissioning thereof. When the manufacturing stage is complete, factory acceptance testing procedures are performed to ensure the equipment meets customer specifications and may involve the customer physically observing the testing procedures. Revenue from contracts, where the performance obligations are satisfied over time and other consideration, is recognized as per the percentage of completion method. The Company uses the percentage of completion method based on the costs expended to the date as a proportion of the total costs to be expended.

For certain products like transformers and gas insulated switchgears, percentage of completion is followed basis acceptance of "Factory Acceptance Test" (FAT) carried by the customer basis the Company's assessment that these products being manufactured have an alternative use till the time FAT is carried out.

Company as part of its contracts, provides warranties of the equipment for defects arising out of poor workmanship, inferior material or manufacturing. Such warranty provided is in the nature of assurance warranty and is not accounted for as a separated performance obligation.

e) Remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue.

The aggregate value of performance obligations that are completely or partially unsatisfied as at December 31, 2020 is ₹ 4,954.76 crores (December 31, 2019 is ₹ 5,100.65 crores). The conversion to revenue is highly dependent on meeting the delivery schedules, contractual terms and conditions with customers, availability of customer sites, changes/variation in scope/prices etc. In view of these, it is not practical to define the accurate percentage of conversion to revenue. However, it will be in a range of 1 to 3 years.

- f) There was no revenue recognised in the current year ended December 31, 2020 from performance obligations satisfied (or partially satisfied) in previous periods due to no significant changes in transaction price.

38 a) Business restructuring

Scheme of arrangement

The Board of directors of ABB India Limited on March 5, 2019 approved the Scheme of Arrangement under Sections 230-232 and other applicable provisions of the Companies Act, 2013 ('the Scheme') between ABB India Limited ('transferor Company'), ABB Power Products and Systems India Limited ("Resulting Company' or, 'APPSIL") and their respective shareholders and creditors for the demerger of Power Grid business from ABB India Limited into the Company. The appointment date for the Scheme was April 01, 2019. The scheme was approved by to National Company Law Tribunal (NCLT), Bengaluru Bench vide its order dated. November 27, 2019 and a certified copy has been filed by the Company with the Registrar of Companies, Bengaluru, on December 1, 2019 (effective date). The financial statements of the Company have been prepared considering the effect of the scheme of arrangement from the Appointed date i.e., April 01, 2019. The scheme has been considered in these financial statements by transferring the assets and liabilities as identified by the management as pertaining to the Power Grid business of ABB India Limited to APPSIL with effect from the "Appointed Date" at their respective book values, as follows;

All amount in Indian Rupees in crores, except as stated otherwise

Particulars	Amount
Assets	
Property, plant and equipment	523.33
Capital work-in-progress	37.86