

Notes to the financial statements for the year ended December 31, 2020

1. Corporate Information

ABB Power Products and Systems India Limited ('the Company' or 'APPSIL') is a public limited company domiciled in India and incorporated under the provisions of the Indian Companies Act, 2013 on February 19, 2019. The registered office is located at Bengaluru. The Company will serve utility and industry customers, with the complete range of engineering, products, solutions and services in areas of 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.

During the year, the equity shares of the Company have been listed and are being traded on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE").

The financial statements are approved for issue by the Company's Board of Directors on February 26, 2021.

2. Significant accounting policies

The significant accounting policies applied by the Company in the preparation of its standalone Ind AS financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements, unless otherwise stated.

2.1 Basis of preparation of financial statements

A Statement of compliance

These financial statements of the Company are prepared and presented in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provision of the Act as amended from time to time and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the financial statements.

B Functional and presentation currency

The financial statements are presented in Indian Rupees crores which is the currency of the primary economic environment in which the Company operated, rounded off to two decimal places, except where otherwise indicated.

C Basis of measurement

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

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

2.2 Use of estimates

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