

India

Asea Brown Boveri Limited

Annual Report 2000



Brain Power.™ **ABB**

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Asea Brown Boveri Limited Report and Accounts – 2000

Board of Directors

K.N. Shenoy, Chairman
K.K. Kaura, Managing Director
Vijay Karan
Sune Karlsson
Eric Drewery
A. Ramamurthy

Company Secretary

A. S. Khandwala

Registered Office

Plot No. 22-A, Shah Industrial Estate, 1st Floor
Off Veera Desai Road
Andheri (West)
Mumbai 400 053

Corporate Office

Guru Nanak Foundation Building
15-16, Qutab Institutional Area
New Delhi 110 067

Corporate Management Committee

K.K. Kaura
John Clarke
I.K. Sadhu
Biplab Majumder
Bazmi Husain
Amresh Dhawan
Alok Mathur

Registrar & Share Transfer Agent

Tata Consultancy Services
Lotus House
6, New Marine Lines
Sir Vithaldas Thackersey Marg
Mumbai 400 020

Bankers

ABN Amro Bank N.V.
Bank of Baroda
Canara Bank
Hongkong & Shanghai Banking Corporation Limited
ICICI Bank Limited
Indian Overseas Bank
Standard Chartered Bank
Standard Chartered Grindlays Bank Limited
Union Bank of India

Solicitors

Amarchand & Mangaldas & Suresh A. Shroff & Co.
Crawford Bayley & Co.

Auditors

Bharat S Raut & Co.

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5 Year Highlights

(Rs in Millions)					
Description	2000	1999	1998	1997	1996**
Sources of Funds					
Share Capital	414.2	414.2	414.2	414.2	310.6
* Reserves	3,478.4	3,192.2	4,099.0	3,949.5	3,632.4
* Net Worth	3,892.6	3,606.4	4,513.2	4,363.7	3,943.0
Borrowings	165.6	416.3	175.0	456.7	600.6
* Funds Employed	4,058.2	4,022.7	4,688.2	4,820.4	4,543.6
Income and Profits					
Sales & Other Income	8,068.5	7,933.5	8,934.1	10,841.6	11,855.6
Operating Profit Before Interest and Depreciation	911.8	751.2	764.9	1,131.3	1,525.9
Profit Before Taxation	705.1	532.0	492.3	863.5	1,228.3
Taxation	165.0	160.0	115.0	215.0	401.7
Profit After Taxation	540.1	372.0	377.3	648.5	826.6
Dividend/Dividend Tax	253.9	231.9	227.8	227.8	248.5
Retained Earnings	286.2	140.1	149.5	420.7	1,300.7
Other Data					
* Gross Fixed Assets	2,442.3	2,253.5	2,771.3	2,599.4	1,865.1
* Debt Equity Ratio	0.04:1	0.12:1	0.04:1	0.10:1	0.15:1
* Net Worth Per Share - Rs	94.0	87.1	109.0	105.4	126.9
Earnings Per Share - Rs	13.0	9.0	9.1	15.7	26.6
Dividend Per Share - Rs	5.0	5.0	5.0	5.0	8.0
* Profit After Taxes as % to Average Net Worth	14.4	9.2	8.5	15.6	25.1

* Excludes revaluation of fixed assets/revaluation reserve

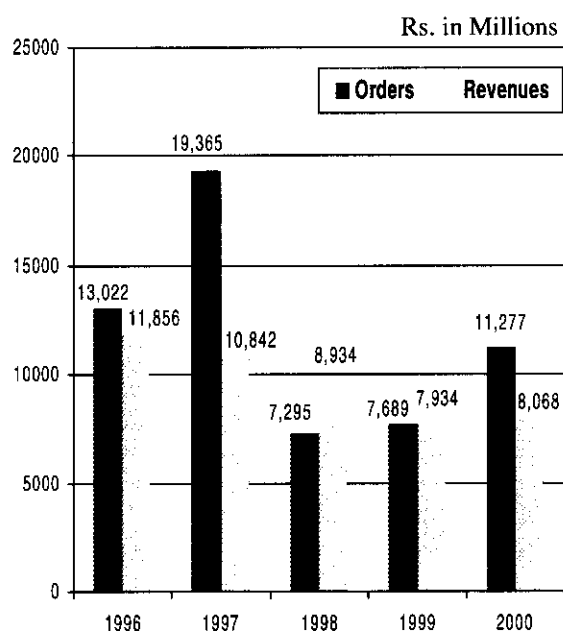
** Excluding extraordinary income on sale of Transportation business

Note :

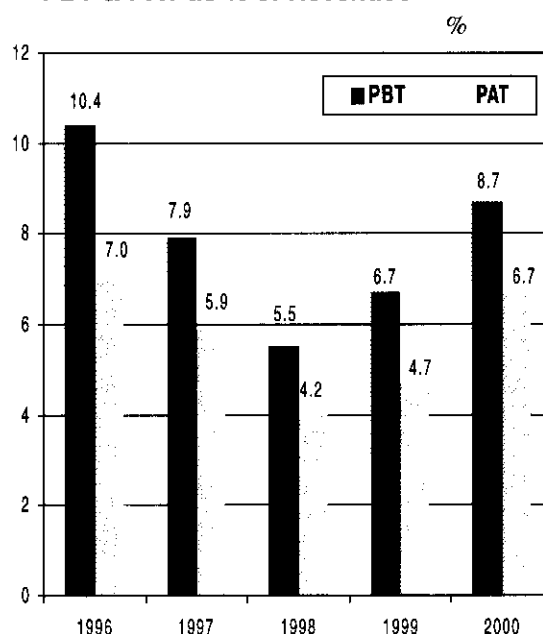
Above highlights includes figures till the date of sale / demerger of Transportation and Power Generation business up to 31 July, 1996 and 31 March, 1999 respectively.

5 Year Highlights

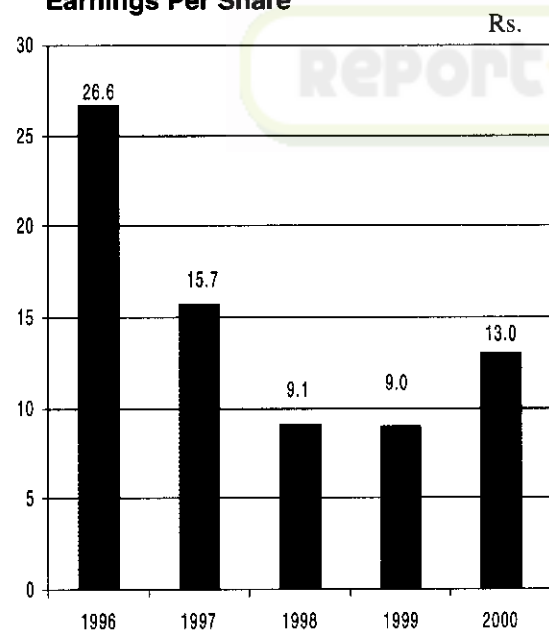
Orders Received & Revenues



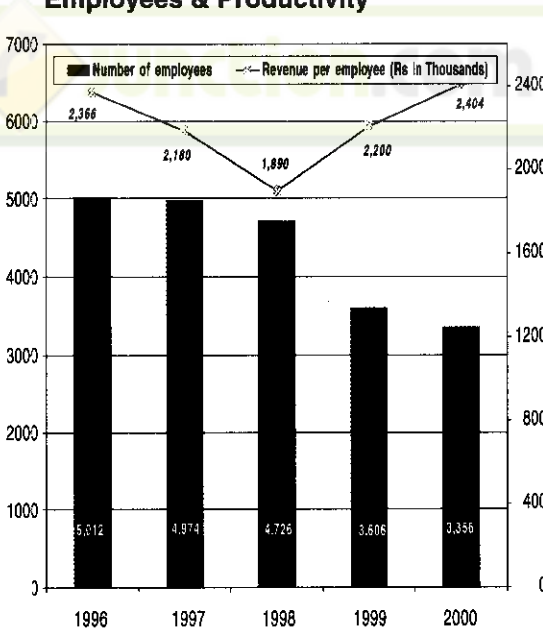
PBT & PAT as % of Revenues



Earnings Per Share



Employees & Productivity



Notes:

1. Excluding extraordinary income on sale of Transportation business in 1996.
2. Above highlights includes figures till the date of sale / demerger of Transportation and Power Generation business up to 31 July, 1996 and 31 March, 1999 respectively.

Managing for value

ABB's vision to be '*The Value Creator*' starts by being close to the customer. Working closely with our customers, understanding their business needs and local market conditions, we are committed to ensure their success through quality excellence in our products and service offerings and through innovative solutions, which combine world class technologies, proven global expertise and strong local insight. We believe that by ensuring our customers' success we will, in turn, be able to create value for all our stakeholders - customers, shareholders, employees and the communities in which we operate.

Creating value for customers

The challenge for our customers in today's fast changing, globalised and networked world is not only how to keep pace with advances in technology and the speed of information, but how to tap into those advances to become more competitive. This is where we create value for them. We combine our expert knowledge of their markets, their business and their business processes – what we call 'domain competence' gained over decades of experience in every industry and every part of the world – with world class products and services.

Creating value for shareholders, employees and community

To deliver increased shareholder value, we need to constantly challenge ourselves to do the right things smarter, faster and cheaper. In doing so, we create an exciting, competitive, fast paced environment for our employees, where there is great opportunity and reward for innovation and success. Our employees create value for themselves, both in terms of job satisfaction and financially by contributing to the success of the group and its shareholders.

Our success means increased prosperity for the communities we serve. By continually improving products and services we create

better, cleaner and more cost-effective solutions. Through our own operations and those of our customers, we are integral members of the communities in which we operate, contributing to their resources and improving quality of life – essential components of community value.

Putting customers at the core of our company

Traditionally, corporations in our business have been organised around either technology or geography – and sometimes both. For large and global companies, this leads to many units serving customers in parallel with different products and services. Quite simply, we have decided to break that mould. Listening to our customers and endeavouring to make it easier for them to do business with us, we are fully organising our company around customers and channels to market, building our whole organization from their perspective and working our way in. We have transformed our enterprise around our main customer groups:

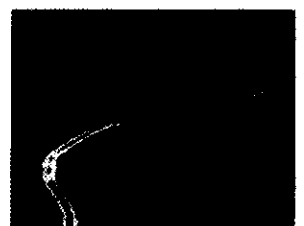
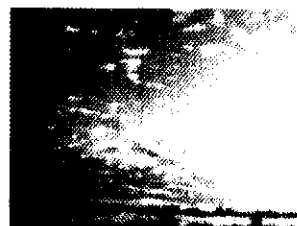
- Power, gas and water utilities
- Process industries like pulp and paper, metal and mining, chemicals and pharmaceuticals
- Manufacturing and consumer industries like car makers and food and beverage companies.
- Oil, gas and petrochemicals companies
- Channel partners, like wholesalers, distributors, original equipment manufacturers and system integrators.

Business Operations in India

Asea Brown Boveri in India serves customers across this complete spectrum.

Utilities

Transmission equipment manufactured and supplied by the company over the past decades has formed an integral part of the



power systems spread across the country - facilitating the flow of electrical power from the generating stations, transmitted through cross- country power lines and ultimately delivered at the door step of industrial customers, drawing high tension power from the power utilities.

ABB's distribution systems further help to bring electric power from high-voltage substations to industrial, commercial and end users. ABB delivers complete solutions and plays a key role in electrification and energy projects - both new and retrofit - for urban and rural utilities as well as industrial and commercial clients.

ABB offers a complete range of products for power transmission and distribution including turnkey substations, switchgear, transformers, Extra High Voltage (EHV) cables, network control and protection systems, metering systems, instrumentation and controls etc. supported by Retrofit, Renovation & Modernisation (R&M) and service.

Process, Consumer and Manufacturing Industries

In today's context of the globally inter-connected market place, improved efficiency is the key to competitiveness. ABB provides its customers innovative solutions which integrate measurement, control and application of information technology to manage processes, equipment and complex systems. ABB's Industrial IT solutions aim at creating a seamless architecture based on real time integration of manufacturing and management systems.

ABB in India is uniquely placed with its single source capability in providing complete solutions for industries, as diverse as, power, pulp and paper, metals, cement, mining, consumer, chemicals, petrochemicals, refineries and automobiles. ABB's solutions are backed by world class platforms, systems and products including process control & automation, optimisation packages, drives,

robotics, motors and complete electricals.

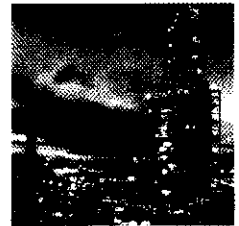
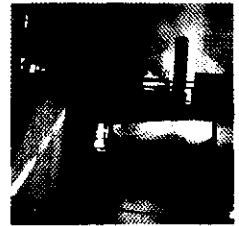
ABB offers its customers stand-alone products for electrical, ventilation and air conditioning requirements, total solutions in terms of design, supply, installation, commissioning and service support for industrial and commercial buildings.

Oil, Gas and Petrochemicals

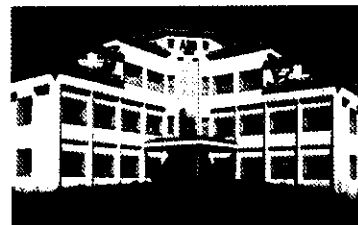
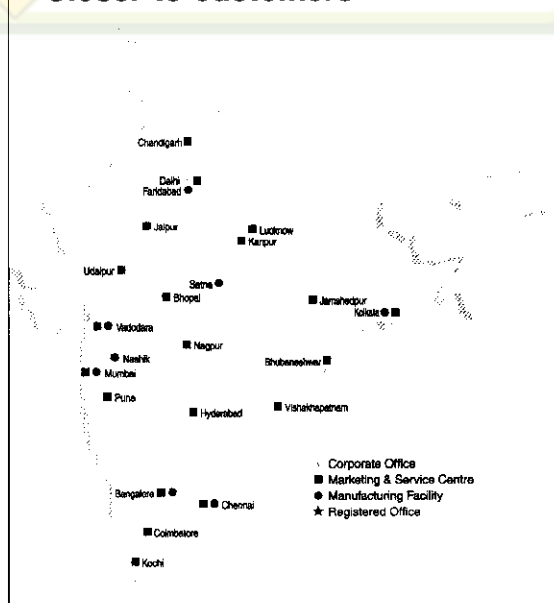
The Oil, gas and petrochemical sector, both upstream and downstream, is served by the Group's global resources backed by a wealth of expertise and experience in exploration, extraction and refining. ABB is a leading technology provider with strong project management capabilities and world class products, systems and service support.

Financial Services

ABB's solutions are supported by a comprehensive range of financial services for its own projects as well as for external customers in the form of equity financing, project underwriting, debt financing, asset based financing and financial consulting services.



Closer to customers



Notice to Members

NOTICE is hereby given that the FIFTY-FIRST ANNUAL GENERAL MEETING of the Members of **Asea Brown Boveri Limited** will be held at Y.B. Chavan Centre, General Jagannath Bhosale Marg, Near Mantralaya, Mumbai 400 021 on Wednesday, the **27 June, 2001 at 3.00 p.m. (IST)** to transact the following business:-

1. To consider and adopt the Balance Sheet as at 31 December, 2000 and the Profit and Loss Account for the year ended on that date and Reports of the Directors and the Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. K.N. Shenoy who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass, with or without modification/s, the following resolution as a Special Resolution:

“Resolved that pursuant to Section 224A of the Companies Act, 1956, M/s. Bharat S Raut & Co., Chartered Accountants be and are hereby appointed Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting at a remuneration to be decided by the Board of Directors of the Company in addition to reimbursement of travel and out-of-pocket expenses incurred by them”.

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. Sune Karlsson, who was appointed as Additional Director by the Board of Directors of the Company pursuant to Article 152 of the Articles of Association of the Company and who holds office up to the date of the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby

appointed as a Director of the Company, liable to retire by rotation”.

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

“Resolved that Mr. Eric Drewery, who was appointed as Additional Director by the Board of Directors of the Company pursuant to Article 152 of the Articles of Association of the Company and who holds office up to the date of the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation”.

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

“Resolved that Mr. A. Ramamurthy, who was appointed as Additional Director by the Board of Directors of the Company pursuant to Article 152 of the Articles of Association of the Company and who holds office up to the date of the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation”.

*By Order of the Board
For Asea Brown Boveri Ltd.*

A.S. Khandwala
Dy. General Manager
& Company Secretary

Bangalore
24 April, 2001

Registered Office:
Plot No. 22A, 1st Floor,
Shah Industrial Estate,
Off Veera Desai Road,
Andheri (West), Mumbai 400 053

Notes:

1. The relative Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of business under item Nos. 4 to 7 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from **Friday, the 1 June, 2001 to Friday, the 15 June, 2001 (both days inclusive)**.
4. The dividend on the equity shares when declared will be payable to those members, whose names appear in the Register of Members of the Company as on 15 June, 2001.
5. Members are requested to intimate, indicating their folio number, *the changes, if any, of their registered addresses* to the Company or its Registrar and Share Transfer Agent, viz. **M/s. Tata Consultancy Services, (Unit : Asea Brown Boveri Limited), Lotus House, Sir Vithaldas Thackersey Marg, Mumbai 400 020** or to their respective Depository Participant in case the shares are held in demat form.
6. In order to provide *protection against fraudulent encashment of dividend warrants*, members are requested to provide their bank account number, name and address of the bank and branch to the Registrar or Depository Participant (where shares are held in demat form) in order to enable the Company to incorporate the said details in the Dividend Warrants. Members will appreciate that the Company will not be responsible for any loss arising out of any fraudulent encashment of dividend warrants.
7. Members can avail of the *Nomination facility* by filing Form 2B (in duplicate) with the Company or its Registrar (TCS). Blank forms will be supplied on request.
8. Pursuant to the provisions of Section 205 A of the Companies Act, 1956, (as amended) dividend for any financial year which remains unpaid or unclaimed for a period of seven years will be transferred to '*Investor Education and Protection Fund*' of the Central Government. It may be noted that once the unclaimed dividend is transferred to the Central Government as above no further claim shall lie in respect thereof. Shareholders who have not encashed/ received the dividend warrants are requested to make their claim with the Registrar and Share Transfer Agent of the Company.
9. The particulars of Director retiring by Rotation and Additional Directors eligible for Re-appointment are given in Corporate Governance Section.

Annexure to Notice

Explanatory Statement under Section 173(2) of the Companies Act, 1956.

Item No. 4

Section 224A of the Companies Act, 1956, inter alia provides that in the case of a Company in which not less than 25% of the subscribed share capital is held either singly or in combination by public financial institutions, government companies, nationalised banks or insurance companies etc., the appointment or re-appointment at each Annual General Meeting of an auditor shall be made by a Special Resolution. The subscribed share capital of the company held collectively by the public financial institutions, nationalised banks etc. may exceed 25% thereof. As an abundant caution, the re-appointment of Auditors is proposed by a Special Resolution.

The Resolution is recommended for the approval of the Members.

None of the Directors of the Company is concerned or interested in passing of the Resolution.

Item No. 5

Mr. Sune Karlsson was appointed as Additional Director with effect from 3 May, 2000 by the Board of Directors of the Company.

In terms of Section 260 of the Companies Act, 1956, and Article 152 of the Articles of Association of the Company, Mr. Sune Karlsson holds office as a Director up to the date of the ensuing Annual General Meeting of the Company and is eligible for re-appointment as a Director.

The Company has received notice under Section 257 of the Companies Act, 1956, along with the deposit of Rs.500/- from a member proposing the candidature of Mr. Sune Karlsson for the office of Director.

The Board considers his association as a Director will be beneficial and in the interest of the Company.

The Directors recommend the ordinary resolution for your approval.

Mr. Sune Karlsson, is concerned or interested in the resolution as it relates to his own appointment.

Item No. 6

Mr. Eric Drewery was appointed as Additional Director with effect from 24 April, 2001 by the Board of Directors of the Company.

In terms of Section 260 of the Companies Act, 1956, and Article 152 of the Articles of Association of the Company, Mr. Eric Drewery holds office as a Director up to the date of the ensuing Annual General Meeting of the Company and is eligible for re-appointment as a Director.

The Company has received notice under Section 257 of the Companies Act, 1956, along with the deposit of Rs.500/- from a member proposing the candidature of Mr. Drewery for the office of Director.

The Board considers his association as a Director will be beneficial and in the interest of the Company.

The Directors recommend the ordinary resolution for your approval.

Mr. Eric Drewery is concerned or interested in the resolution as it relates to his own appointment.

Item No. 7

Mr. A. Ramamurthy was appointed as Additional Director with effect from 24 April, 2001 by the Board of Directors of the Company.

In terms of Section 260 of the Companies Act, 1956 and Article 152 of the Articles of Association of the Company, Mr. A. Ramamurthy holds office as a Director up to the date of the ensuing Annual General Meeting of the Company and is eligible for re-appointment as a Director.

The Company has received notice under Section 257 of the Companies Act, 1956 along with the deposit of Rs.500/- from a member proposing the candidature of Mr. Ramamurthy for the office of a Director.