

India

Asea Brown Boveri Limited

Annual Report 2002



ABB

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Asea Brown Boveri Limited Report and Accounts – 2002

Board of Directors

Peter Smits, Chairman
Ravi Uppal, Vice Chairman and Managing Director
N S Raghavan
Dinesh Paliwal
Nasser Munjee
Umesh Prasad Singh
Peter Leupp
BoonKiat Sim

Company Secretary

B Gururaj

Corporate Management Committee

Ravi Uppal
I K Sadhu
Biplab Majumder
Amresh Dhawan
K Rajagopal
V Swamy
Bazmi Husain
P C Rajiv
K S S Rajan
P P Gomes

Bankers

Bank of Baroda
Canara Bank
Hongkong & Shanghai Banking Corporation Limited
HDFC Bank Limited
ICICI Bank Limited
Standard Chartered Bank
Union Bank of India

Solicitors

Crawford Bayley & Co.

Auditors

Bharat S Raut & Co.

Registered Office

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

Corporate Office

Khanija Bhavan
2nd Floor, East Wing,
49, Race Course Road,
Bangalore – 560 001

Registrar & Share Transfer Agent

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

5 Year Highlights

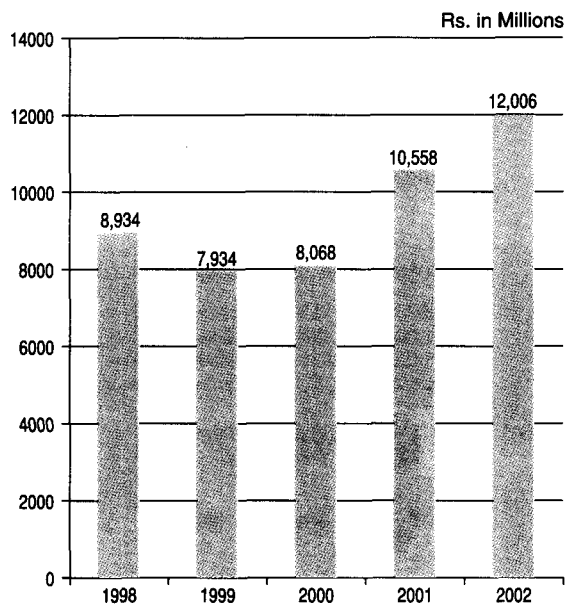
(Rs in Millions)					
Description	2002	2001	2000	1999	1998
Sources of Funds					
Share Capital	423.8	498.8	414.2	414.2	414.2
Reserves	4,539.2	3,805.4	3,478.4	3,192.2	4,099.0
Net Worth	4,963.0	4,304.2	3,892.6	3,606.4	4,513.2
Borrowings	123.7	108.0	165.6	416.3	175.0
Funds Employed	5,086.7	4,412.2	4,058.2	4,022.7	4,688.2
Income and Profits					
Sales & Other Income	12,005.7	10,557.6	8,068.5	7,933.5	8,934.1
Operating Profit Before Interest and Depreciation	1,418.9	1,105.9	911.8	751.2	764.9
Profit Before Tax	1,229.7	850.8	705.1	532.0	492.3
Tax	416.2	197.5	165.0	160.0	115.0
Profit After Tax	813.5	653.3	540.1	372.0	377.3
Dividend / Dividend Tax	259.1	228.2	253.9	231.9	227.8
Retained Earnings	554.4	425.1	286.2	140.1	149.5
Other Data					
Gross Fixed Assets	2,707.0	2,747.9	2,442.3	2,253.5	2,771.3
Debt Equity Ratio	0.02:1	0.03:1	0.04:1	0.12:1	0.04:1
Net Worth Per Equity Share - Rs	117.1	99.8	94.0	87.1	109.0
Earnings Per Equity Share - Rs	19.1	15.5	13.0	9.0	9.1
Dividend Per Equity Share - Rs	6.0	5.0	5.0	5.0	5.0
Profit After Taxes as % to Average Net Worth	17.6	15.9	14.4	9.2	8.5

Notes :

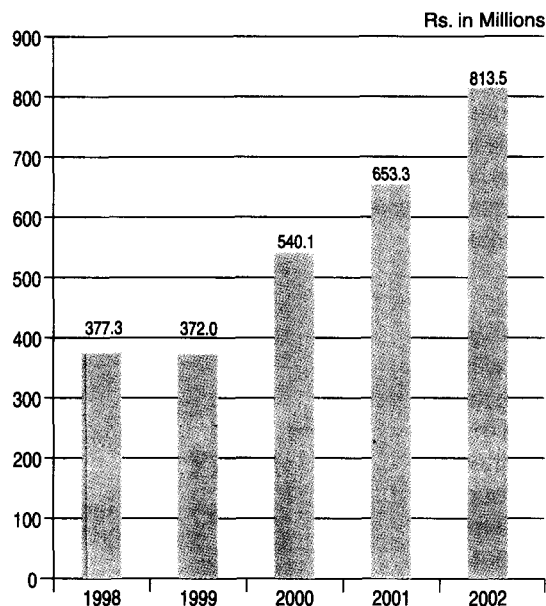
- 1) Excludes revaluation of fixed assets, revaluation reserve and extraordinary items.
- 2) Above highlights includes figures till 31 March, 1999, the date of demerger of Power Generation business and merger of four entities with the Company from 1 April, 2001.

5 Year Highlights

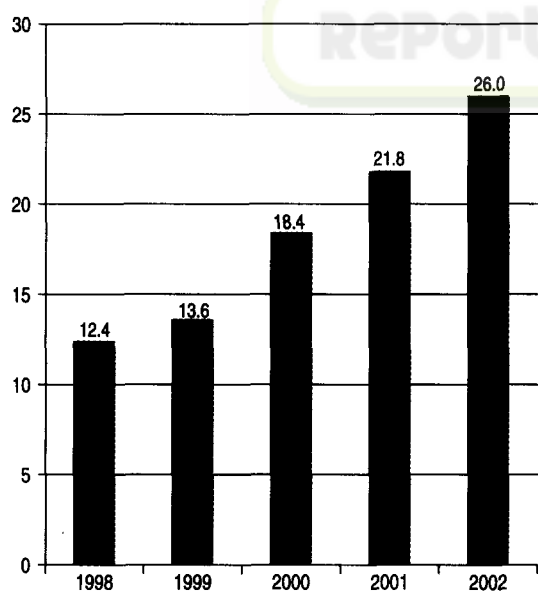
Revenues



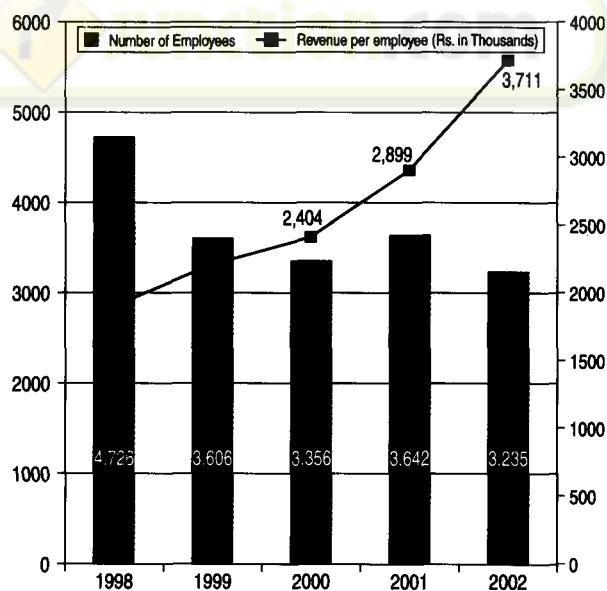
Profit After Tax



Return on Capital Employed (%)



Employees & Productivity



Notes :

- 1) Excludes revaluation of fixed assets, revaluation reserve and extraordinary items.
- 2) Above highlights includes figures till 31 March, 1999, the date of demerger of Power Generation business and merger of four entities with the Company from 1 April, 2001.

The Value Creator

A new simpler ABB

ABB is a leader in Power and Automation technologies that enables utility and industry customers to improve performance while lowering environmental impact. The ABB Group of companies operates in more than 100 countries and employs about 139,000 people.

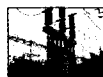
ABB's vision is to be 'The Value Creator'. Working closely with our customers, understanding their business needs and local market conditions, we are committed to ensuring their success through innovative products, systems, services and complete solutions, combining our cutting edge technologies and proven expertise with our strong local insight. By ensuring our customers' success, we in turn create value for our other stakeholders i.e. shareholders, employees and the communities in which we operate.

In 2002, ABB simplified its organisational structure with the key objective of leveraging our domain expertise and building on our clear market leadership in power and automation technologies. This

reorganisation will enable us to serve our utility and industry customers across the value chain with our world-class products, systems and solutions, faster and more efficiently.

Power Technologies

ABB is the world No.1 in Power Technologies serving utility and industry customers in more than 70 countries



High Voltage Products



Medium Voltage Products



Power Transformers



Distribution Transformers



Utility Automation Systems



Power Systems

Automation Technologies

ABB is a world leader in Automation Technologies with a complete range of product, service and solution offerings for industry and utility customers across the globe



Control Platform Products



Drives & Motors



Low Voltage Products & Instruments



Robots, Automotive & Manufacturing Industries



Paper, Metals, Marine & Turbocharger



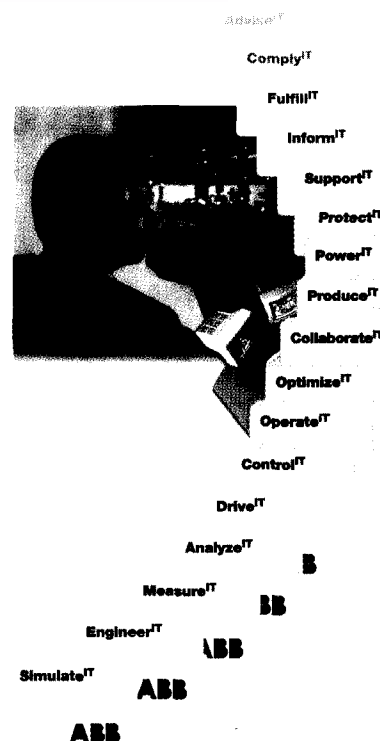
Petroleum, Chemical & Consumer Industries

ABB and Technology

ABB has been recognised as a technology leader for over a century, with many pioneering breakthroughs to its credit. We invest around 7% of our Group turnover in research and order related development, which is weaved into the fabric of our business offering. We have an excellent track record when it comes to 'intensity of innovation', with around 75% of our business being based on products developed in the past five years. The ultimate aim of all our technology initiatives is to make our utility and industry customers more competitive while reducing environmental impact.

In today's competitive business environment, all businesses are seeking radical productivity and efficiency improvements through increased automation and integration

of manufacturing and business processes. ABB is spearheading this effort through its open architecture based Industrial IT platform aimed at real-time, seamless integration of plant operations and business processes across the entire value chain. We combine our knowledge of their industry and business processes with world-class products, systems and services. This domain competence has been gained through years of experience across industries and in all parts of the world. ABB is also "information enabling" its products, which forms an integral part of the automated manufacturing processes of many industries.



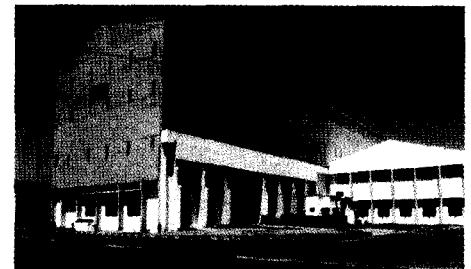
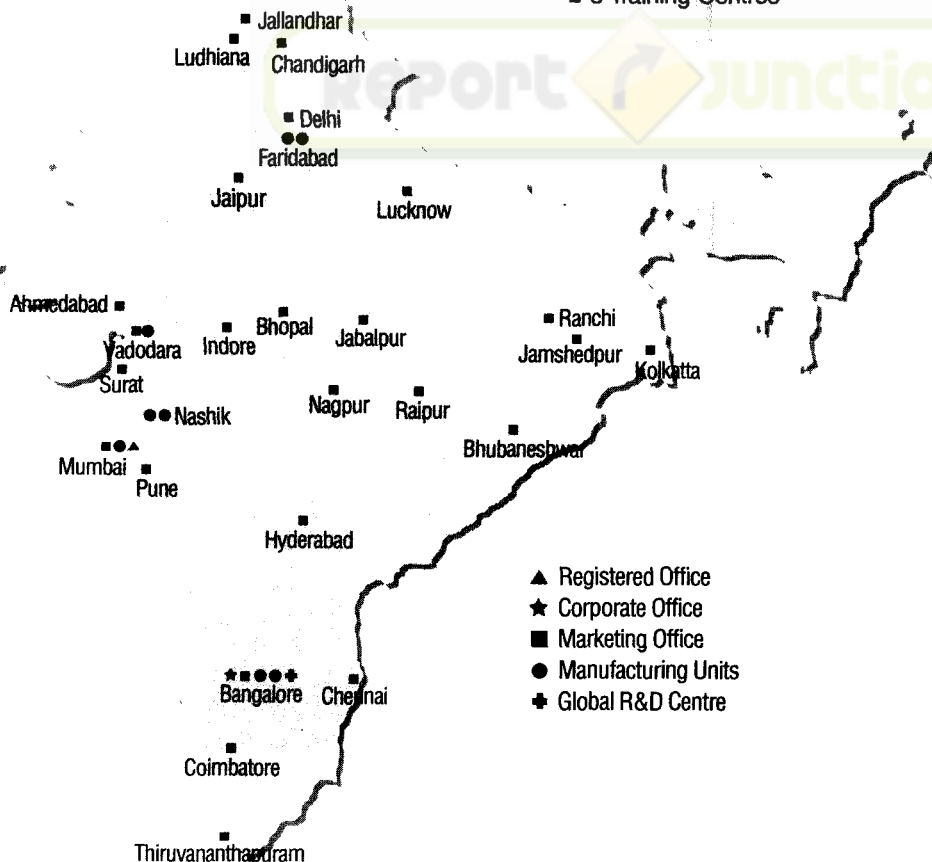
Thinking Global, Acting Local

ABB in India

ABB India serves utility and industry customers with the complete range of ABB's offerings. The company has a vast installed base, extensive local manufacturing at 8 units and a countrywide marketing and service presence. As a strategic thrust to standard products business, ABB has developed a national channel partner network, which ensures geographical reach and penetration of its products and services.

In order to leverage India's intrinsic technology strengths and the vast pool of highly qualified software professionals, ABB has set up a global R&D Centre in Bangalore, which focuses on Industrial IT development and deployment. It also helps maintain and support a range of software intensive products and acts as a partner for the ABB R&D centers as well as business areas within the group.

- 3,200 Employees
- 8 Manufacturing Units
- 25 Marketing Offices
- 4 Service Centres
- 3 Training Centres



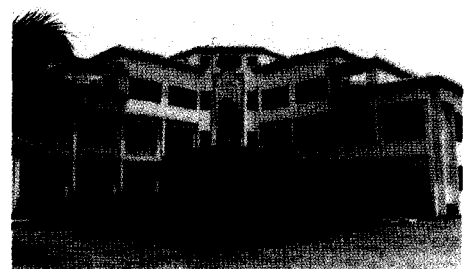
Maneja, Vadodara manufacturing unit



Peenya, Bangalore manufacturing unit



Faridabad manufacturing unit



Nashik manufacturing unit

Power Technologies

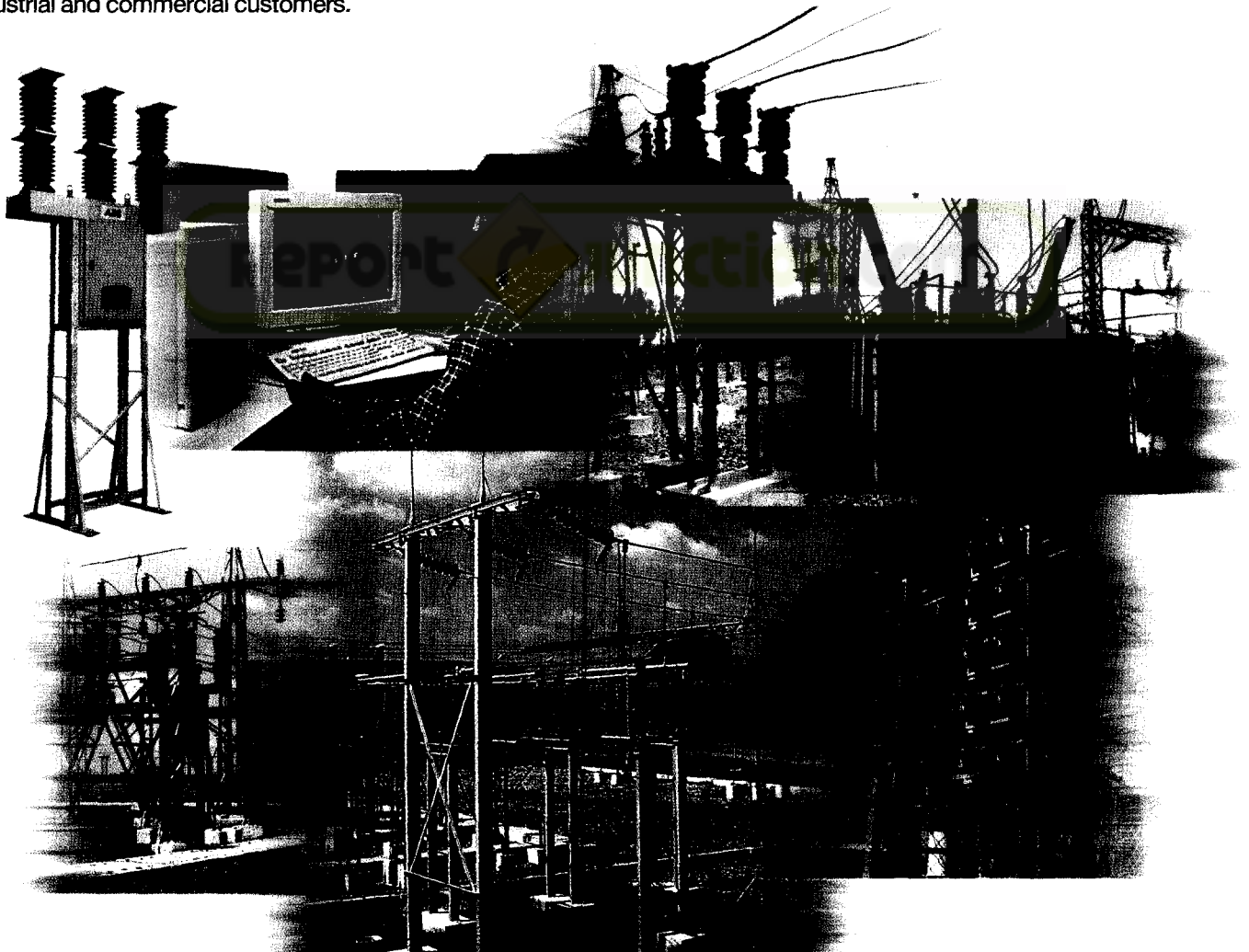
The Power Technologies division serves electric, gas and water utilities as well as industrial and commercial customers, with a broad range of products, services and solutions for power transmission and distribution. The portfolio includes transformers, switchgear, breakers, capacitors and cables, as well as high and medium voltage applications.

ABB's solutions facilitate the flow of electrical power from generating stations, transmitted through cross-country power lines. ABB's distribution systems further help to bring electricity from high voltage substations to end-users. ABB delivers end-to-end solutions, playing a key role in electrification and energy projects – both new and retrofit – for urban and rural utilities as well as for industrial and commercial customers.

ABB has pioneered several technologies in India including the introduction of self-blast SF6 technology, first HVDC back-to-back converter station, first SVC, first HVDC transmission line, first 400 kV switchyard, India's first IPP, turnkey substation for the first barge mounted IPP and many more.

ABB India has also delivered several turnkey substation solutions upto 400 kV for Central and State power utilities across the country and beyond. Recent international successes include significant orders in Syria, Bhutan and Iceland. Our focus on technological innovation helps us provide world-class products and solutions to our customers, making them more efficient and competitive.

As part of our global optimisation philosophy, ABB India's state-of-the-art manufacturing facility in Vadodara has been designated as a global sourcing base for 72.5 kV outdoor circuit breakers. The Nashik unit has also been named a global focused feeder factory for 11 kV and 33 kV outdoor vacuum/SF6 circuit breakers, Magnetic Actuators and indoor HPA SF6 breakers. Several other products and components manufactured in India are increasingly being exported across the world. As part of our strategic business thrust on projects and services we have broken new ground in international markets, winning significant orders and consolidating our position globally.



Automation Technologies

The Automation Technologies division serves customers across the industry spectrum in the automotive, chemicals, consumer, electronics, life sciences, manufacturing, marine, metals, minerals, paper, petroleum, turbocharging and utilities. ABB's competitive edge is its unparalleled domain expertise and cutting-edge technologies which include a comprehensive portfolio comprising Industrial IT-based measurement, control, instrumentation, process analysis, drives, motors, power electronics, robots, software, low voltage products, field maintenance and asset management services.

ABB offers complete solutions, fully integrating industrial processes that are backed by world-class platforms. The offering includes complete electricals, process control & automation and a broad range of software applications.

We are committed to harnessing the power of information technology, Internet and eCommerce to deliver faster and more effective solutions, moving ahead along with our customers, into knowledge based economies of the future.



Sustainability

Living our commitment to sustainability

An integral part of ABB's mission statement is to create value for the communities and countries in which it operates, by *living* its commitment to sustainability. Sustainability is about securing our common future. It involves working in three dimensions: environmental, economic and social. The right balance of the three will ensure prosperity and improve the quality of life of the communities in which we operate.

Our sustainability platform rests on two main planks of environmental and community development programmes. It encompasses a broad range of initiatives like the supply of eco-efficient products and systems, adherence to environmental laws and regulations, contribution to social development efforts and continuous improvement of the company's own sustainability performance.

Environmental initiatives

All our manufacturing units in India are ISO 14001 certified and more than 20 environmental management projects are at various stages of implementation across all ABB units. Through these projects we have adopted a multi-pronged approach to managing environment. The main areas of focus include recycling, energy conservation, work area improvement, greening initiatives, etc.

The company has put in place a system for controlling and monitoring pollutants at its factories to ensure compliance with environmental standards and legislation. ABB India is also implementing programmes that focus on conservation of natural resources such as energy, water and paper. Use of ozone depleting substances have either been eliminated or significantly reduced. Management of hazardous waste has

been undertaken through the setting up of effluent treatment and incinerator plants, exhaust systems with scrubber and safe storage facilities.



Green initiative, Delhi

ABB India is undertaking a unique integrated quality, environment and safety policy implementation (ISO 9000 + ISO 14000 + OHSAS 18001) reinforcing the company's commitment to superior quality and high environmental and safety standards.

Key sustainability initiatives

ABB is involved in social community projects, which aim at improving the lives of people who do not have access to basic amenities like food, healthcare and education. We believe that our efforts must go beyond mere financial assistance and include active participation with NGOs at the grassroot level so as to ensure that our sustainability initiatives truly benefit the people they target.



World Environment Day celebrations, Delhi