

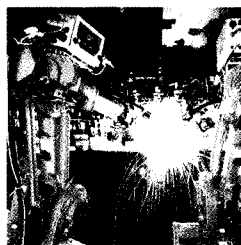
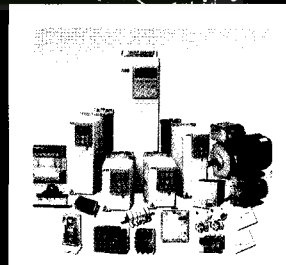
India

ABB Limited - Annual Report 2006

Power and productivity for a better world



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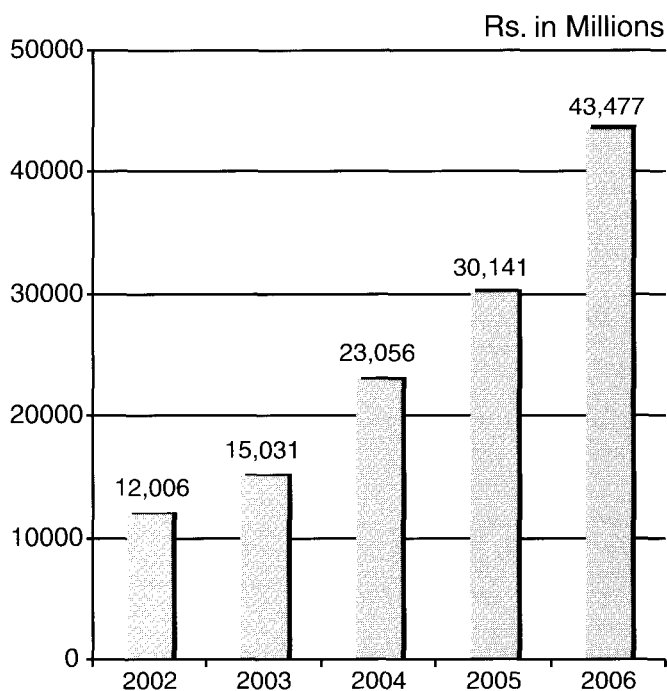
ABB

5 Year Highlights

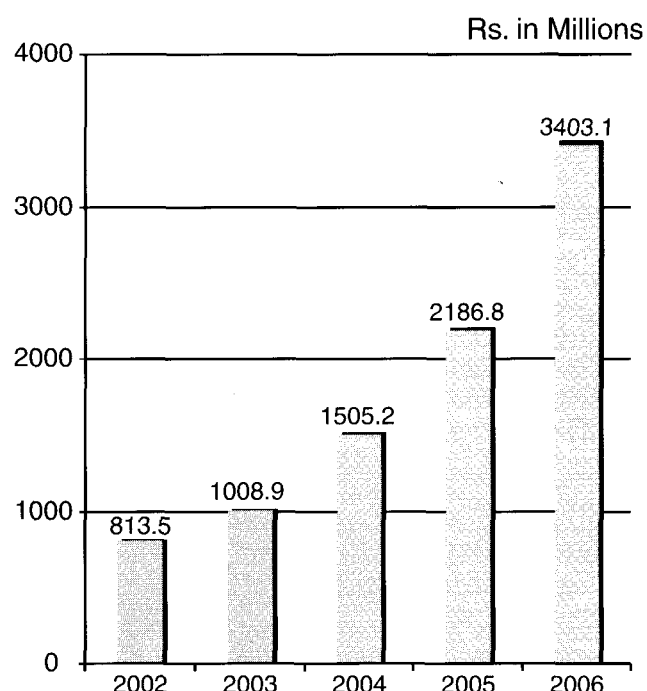
(Rs in Millions)					
Description	2006	2005	2004	2003	2002
Sources of Funds					
Share Capital	423.8	423.8	423.8	423.8	423.8
Reserves	11,386.5	8,466.7	6,669.4	5,461.6	4,539.2
Net Worth	11,810.3	8,890.5	7,093.2	5,885.4	4,963.0
Borrowings	15.5	27.3	14.9	101.0	123.7
Funds Employed	11,825.8	8,917.8	7,108.1	5,986.4	5,086.7
Income and Profits					
Sales & Other Income	43,477.0	30,141.4	23,055.7	15,030.6	12,005.7
Operating Profit Before Interest and Depreciation	5,504.0	3,692.6	2,582.3	1,722.8	1,418.9
Profit Before Tax	5,232.1	3,394.8	2,365.2	1,528.9	1,229.7
Tax	1,829.0	1,208.0	860.0	520.0	416.2
Profit After Tax	3,403.1	2,186.8	1,505.2	1,008.9	813.5
Dividend / Dividend Tax	483.3	389.4	335.4	319.5	259.1
Retained Earnings	2,919.8	1,797.4	1,169.8	689.4	554.4
Other Data					
Gross Fixed Assets	5,190.0	4,324.4	3,428.1	3,037.9	2,707.0
Debt Equity Ratio	0.01:1	0.01:1	0.01:1	0.02:1	0.02:1
Net Worth Per Equity Share - Rs	278.7	209.8	167.4	138.9	117.1
Earnings Per Equity Share - Rs	80.3	51.6	35.5	23.8	19.1
Dividend Per Equity Share - Rs	10.0	8.0	7.0	6.0	6.0
Profit After Taxes as % to Average Net Worth	32.9	27.4	23.2	18.6	17.6

Excludes revaluation of fixed assets, revaluation reserve and exceptional items.

Revenues

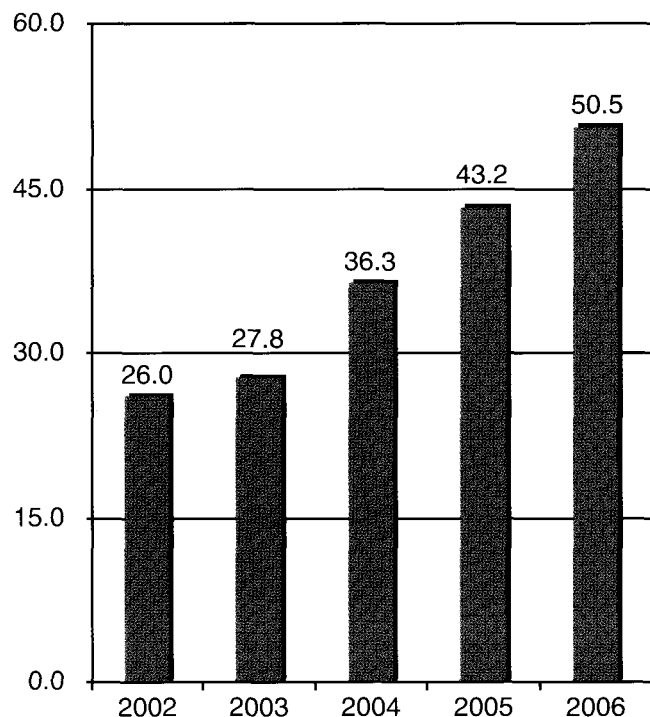


Profit after tax

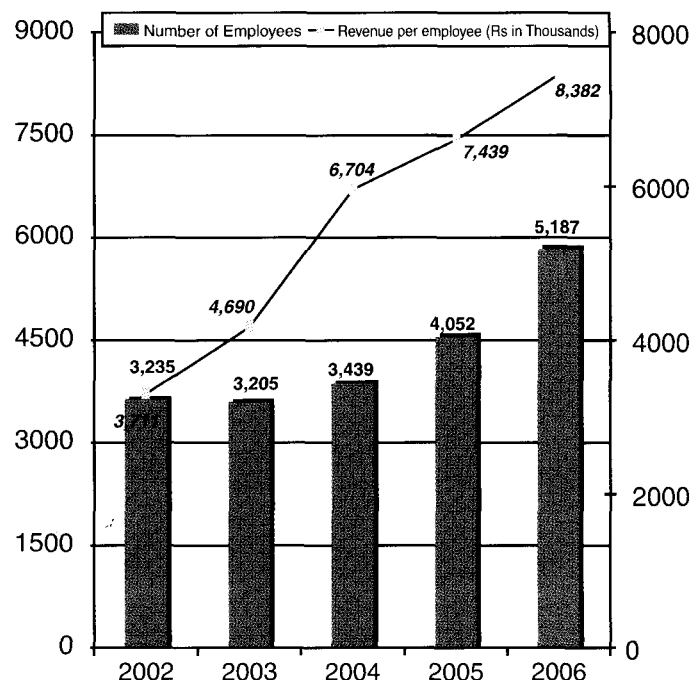


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Return on capital employed (%)



Employees & productivity

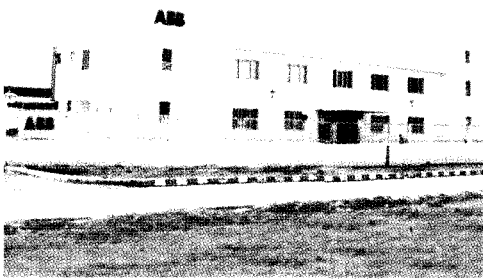


Note: Excludes revaluation of fixed assets, revaluation reserve and extraordinary items.

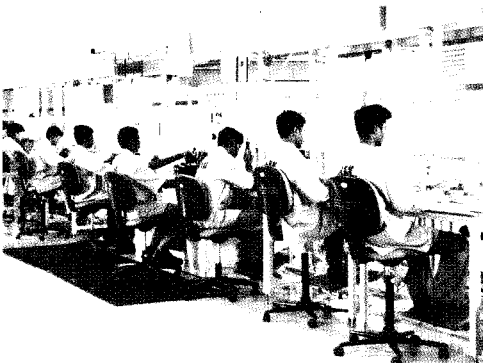


Front Row (Left to Right): Shyam Karmarkar, Head - Marketing, S Karun, Head - Service, Inder Sadhu, Head - Power Systems, Ravi Uppal, Vice Chairman & Managing Director, K Rajagopal, Chief Financial Officer, Biplab Majumder, Chief Operating Officer & Head - Automation Products, Prakash Kanagalekar, Head - Operational Excellence, V Swamy, Head - Building Solutions

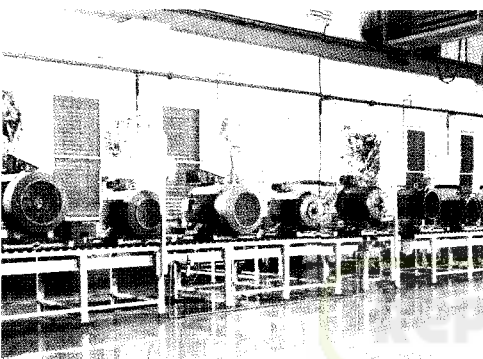
Back Row (Left to Right): PC Rajiv, Head - Human Resources, N Ravi, Head - Process Automation, Madhav Digraskar, Head - Power Products, Prakash Nayak, Head - Corporate Research Center



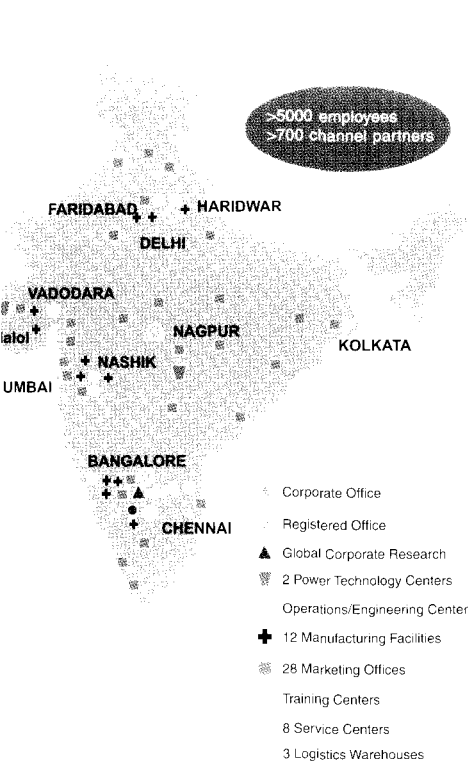
LV Distribution Electricals Factory, Haridwar



LV Control Gear Unit, Bangalore.



LV Motors Unit, Bangalore



The ABB Group of companies operates in over 100 countries and employs about 108,000 people. As one of the world's leading engineering companies, ABB's technology competence, broad application know-how and global presence offer customers easy access to leading electrical engineering and industry automation solutions.

Technology & Innovation

In a world of ever-diminishing resources and soaring energy demand, the focus of ABB's R&D is on developing efficient and sustainable ways to generate, transmit, distribute and use electrical energy. Thanks to this research, technologies have been developed to transmit ultra-high voltage AC and DC electricity over long distances with low energy losses. Motors and drives at the heart of ABB industrial solutions are now even more energy efficient, so plant production, flexibility and quality go up while energy consumption comes down. New technology lets utilities manage their power generation, transmission and distribution networks more efficiently, and helps improve grid reliability.

Keeping alive its 120 year heritage of technology and innovation, ABB spends over one billion US dollars per annum on research and order-related development. In view of dynamic global markets and the consistently high quality of research staff in emerging countries, ABB has significantly expanded its research base in India.

Our 6,000 scientists and engineers around the world are driven by the knowledge that the energy efficient products, systems and solutions they develop and bring to market will help our customers and the world. That's why we define our statement of purpose as "Power and Productivity for a better world".

ABB in India

ABB in India, employs over 5,000 people, has 12 manufacturing facilities, a global Engineering & Operations Center as well as a Group Corporate R&D presence. The company also has an extensive countrywide presence with around 28 marketing offices, 8 service centers, 3

recently established logistic centers and a network of over 700 channel partners.

ABB continues to bring value to customers in India through leading-edge technologies, domain expertise and project execution abilities. The company's product focus continues in the form of portfolio expansion and market penetration.

To meet growing demand, capacity and range expansion is underway across businesses and locations. In addition to enhancing the capacity of existing plants, many new manufacturing units have been set up across the country. Some recent ones include the new motors plant and control products unit in Bangalore as well as the recently commissioned low voltage distribution electricals factory at Haridwar.

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 key differentiators. While the top-line grows as we create value for customers, focus on productivity, operational efficiencies and working capital management continues to ensure that profitability remains in focus.

Strong macro economic fundamentals, integration with the world economy, industrial pickup and the significant work that still remains to be done with reference to the power sector, continue to offer bright prospects for power and automation technologies in India and ABB is well positioned to leverage these market opportunities.

The ABB Group views India as a key focus country, both as a market and as an important regional and global resource base. As part of ABB's regional approach, India has been designated as the hub for the South Asia region which includes countries ranging from Afghanistan, Pakistan, Singapore, Indonesia, Malaysia, Thailand, Philippines, Vietnam, all the way to Australia and New Zealand.

Advanced power products and systems to enhance grid reliability

Power Systems

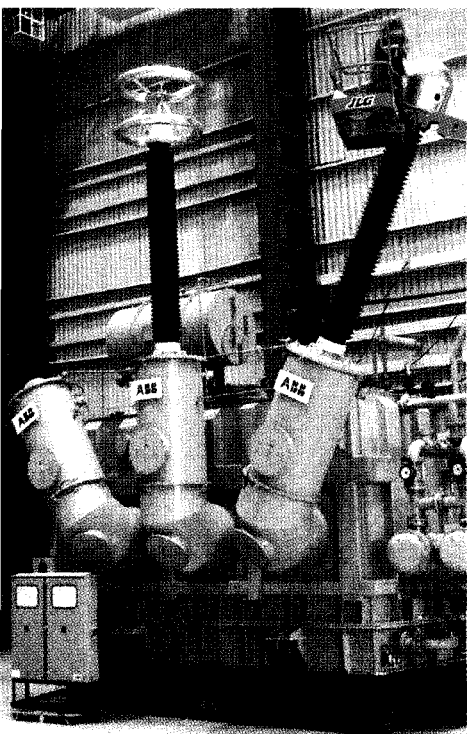
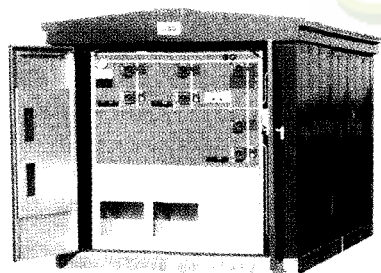
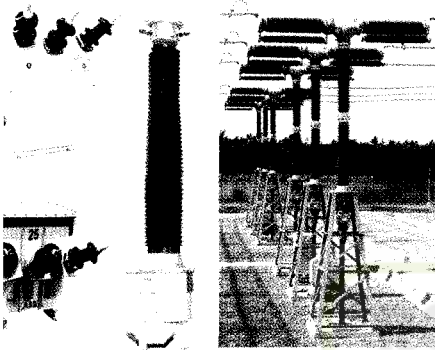
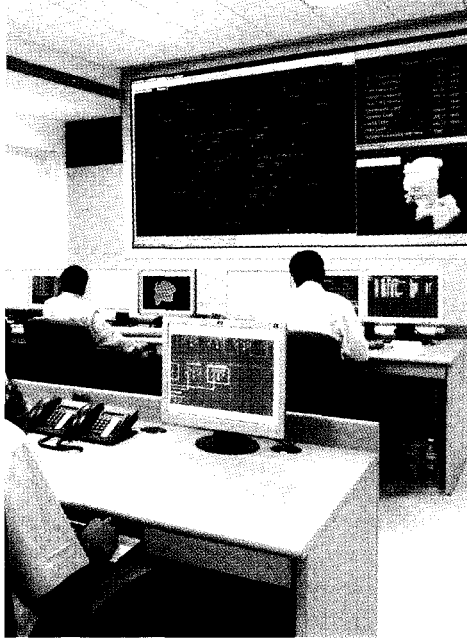
The Power Systems division offers turnkey solutions and services for power generation plants, as well as for transmission and distribution grids. In India, ABB is playing a key role in developing the national grid through urban and rural electrification projects, both new and retrofit, for utilities as well as industrial and commercial customers.

The offering includes solutions like High Voltage Direct Current (HVDC) and Flexible AC Transmission Systems (FACTS) that facilitate higher capacity utilization as well as efficient and reliable transmission of quality power.

ABB also offers turnkey solutions for substations, distribution automation and network management. This includes Supervisory Control And Data Acquisition (SCADA) systems, Wide Area Monitoring Systems (WAMS) and a host of technologies that help reduce T&D losses, increase uptime and improve the overall reliability of the grid.

Power Products

World-class power products from ABB facilitate reliable and efficient transmission and distribution of electricity. ABB's product offering covers a wide spectrum of technologies across the entire voltage range, including indoor and outdoor circuit breakers, air and gas insulated switchgear, disconnectors, high and low voltage capacitors, reactive power compensators, several types of transformers and a range of distribution products including Compact Secondary Substations (CSS), Ring Main Units (RMUs), MV Switchgear etc. ABB also provides a full range of lifecycle services from spare parts and equipment repair, training, migration to remote monitoring and technical support.



ABB's state-of-the-art automation products and solutions help improve industrial productivity

Process Automation

The Process Automation division serves customers across the industry spectrum be it process, manufacturing or consumer industries and even the buildings and infrastructure sector. ABB offers turnkey solutions for automation and control, plant optimization, electrification and other industry-specific applications, serving a range of industries including oil and gas, power, chemicals and pharmaceuticals, pulp and paper, metals and minerals, marine and turbocharging, among others. ABB's automation solutions fully integrate industrial processes backed by world-class platforms and the offering includes complete electricals, process control and a broad range of software applications to help manage plants and processes. Key customer benefits include improved productivity, efficiency and energy savings.

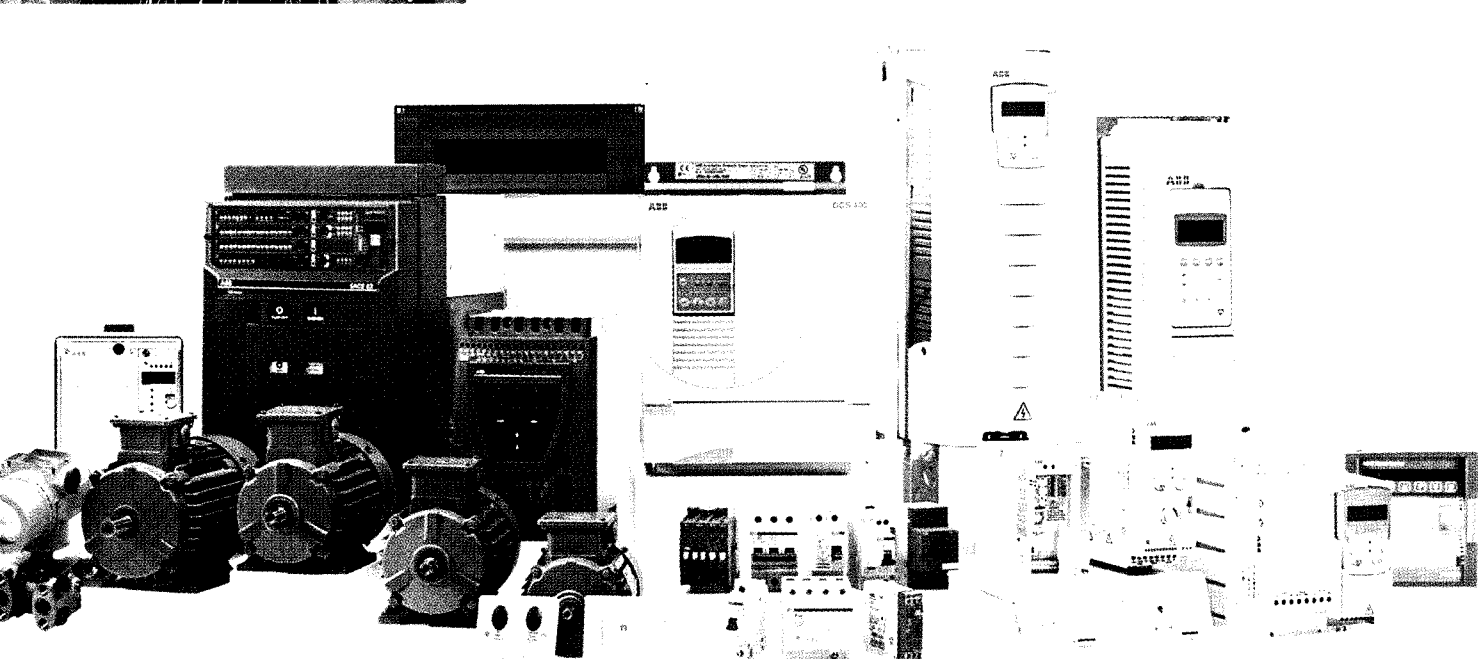
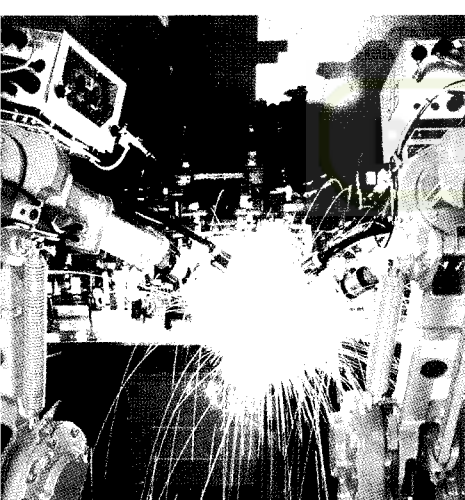
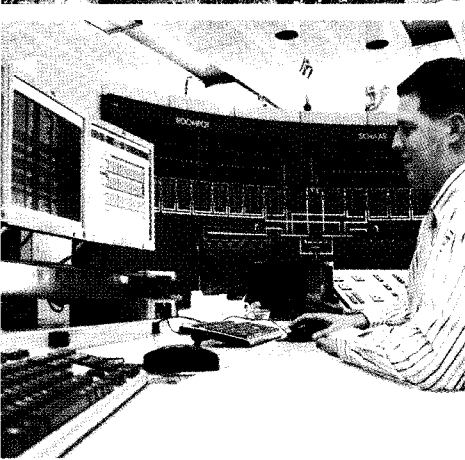
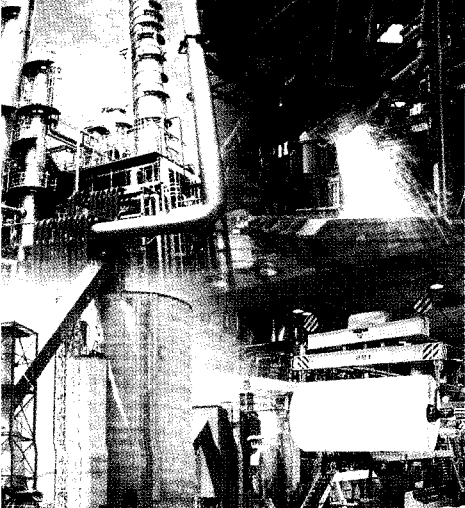
Automation Products

The Automation Products division serves customers with reliable and energy efficient products to improve productivity and enhance competitiveness. This includes a wide range of standard products like motors, drives, power electronics, low voltage products as well as control, instrumentation and analytics. This business serves customers spanning a wide range of industry and utility operations, as well as commercial and residential buildings directly and through channel partners. All products are supported by world-class service backup and asset management solutions. In India, ABB's channel partner network has grown to over 700, enabling the company's products to reach markets across the country.

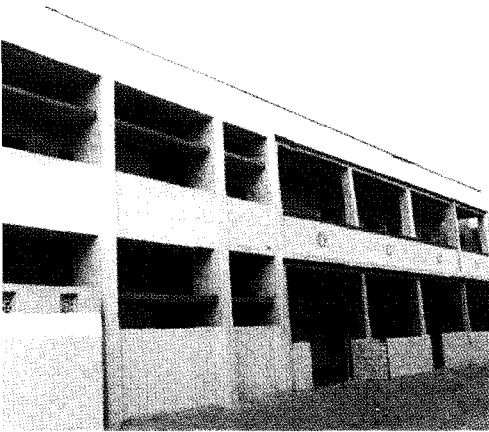
Robotics

ABB has the world's largest installed base of industrial robots and also provides application software, peripheral equipment and modular manufacturing cells for tasks such as assembly, painting and finishing,

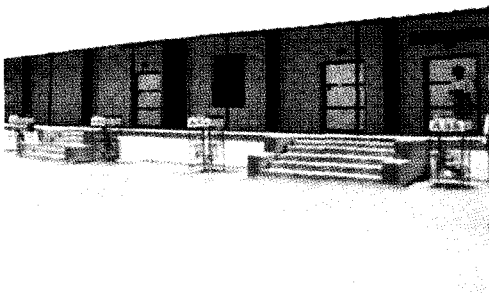
and machine tending. Key markets include automotive, foundry, packaging, material handling and consumer industries. A strong solution focus leverages thousands of successful applications for manufacturers.



Living our commitment to sustainability



Nellore Adnanahalli School, New Primary Block, Bangalore



Govardhan School, Nashik



Nourishing mid-day meal for students, Bangalore



'Share Your Joy' initiative

ABB follows a 'triple bottom line' approach aimed at achieving a balance in the economic, environmental and social impact of the company's business and actively contributing to economic progress, environmental stewardship and sustainable development. In keeping with this commitment, ABB has a dedicated sustainability organization in place, headed by a Country Sustainability Controller working closely with NGOs on multiple projects across the country. The ABB India Foundation, a registered charitable trust ensures dedicated focus, independence and continuity of social initiatives in a planned manner.

ABB India has put in place a focused sustainability programme with clearly defined pillars.

Education

ABB India's education pillar focuses on *primary education* for economically and socially disadvantaged children, by supporting schools in the proximity of the company's major manufacturing locations.

ABB supports the schools with infrastructure development and basic amenities like drinking water, toilets, classrooms, teaching aids etc. The children are also provided with a nourishing mid-day meal in collaboration with leading NGOs. Medical camps are another initiative adopted to support this cause.

The company recently commissioned an additional primary school building to house 300 children of the Nellore Adnanahalli Government (NGH) School in Bangalore, close to the company's manufacturing facility. Another new project taken up during 2006 was the renovation of the Govardhan School at Nashik.

As part of the company's approach to support, sustain and facilitate the overall learning process of young minds, ABB is deepening its engagement with the schools it supports and in line with this endeavor, educational trips were organized for the senior students of the supported schools in Bangalore, Vadodara and Nashik.

'Share Your Joy' was another new initiative taken up during the year, aimed at encouraging employee involvement. ABB employees across the country participated by contributing toys, games, reading material and stationery, bringing smiles to around 3000 children.

In order to encourage the students of ABB supported schools, the company also organized a painting competition and the winning entries were featured on New Year greeting cards.

ABB India also strives to foster *industry-academia relationships* and works with several renowned academic institutions in the country. Besides facilitating research and development, these relationships also encourage student interface especially in the



Differently-abled

Access to Electricity

Special Projects

Welfare / Awareness

Environment

Safety

ABB India Foundation

Sustainability pillars



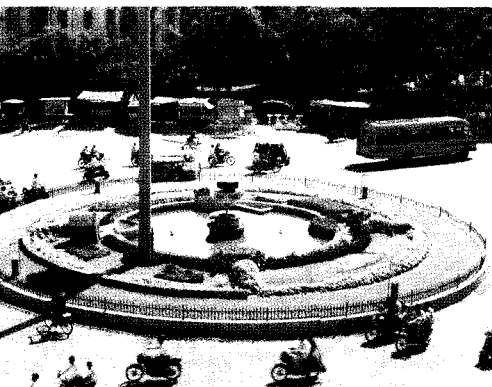
Project Roshni - Prerana, Bangalore



Over 500 homes across four hamlets in Rajasthan now have access to electricity



Around 1000 people affected by Tsunami tragedy where rehabilitated with help from ABB



Greening initiative, Vadodara

fields related to power and automation technologies.

ABB India presently has partnerships with institutes like the RV College of Engineering, Bangalore, Indian Institute of Science, Bangalore and MS University, Vadodara. ABB recently entered into partnership with IIT - Delhi and will support a Professorial Chair as well as provide scholarships to undergraduate and graduate students in the field of electrical and electronic engineering.

Supporting the differently-abled

Project 'Roshni' is an initiative where the company works with the differently-abled to help them live a life of dignity by facilitating a regular source of income. This initiative is being implemented around major ABB manufacturing locations, where the inmates are trained in putting together simple components and sub-assemblies which are subsequently absorbed by the units. Projects presently underway include working with physically-disabled girls at Prerana in Bangalore, with the mentally challenged at Prabodhini in Nashik and the latest addition is Seva Tirth in Vadodara. The company has also been honoured with the Helen Keller Award by NCPEDP (National Center for Promotion of Employment for Disabled People) in recognition of this initiative.

Access to Electricity

As part of a global programme, ABB in India began work on this initiative to bring light to the darkest areas. The programme started with a small village in Rajasthan and soon expanded to four hamlets covering around 500 households located in the interiors of the desert, for whom grid access was an unviable and distant dream. The programme is based on homes being lit with the help of solar panels, which charge during the day and are used to light up the houses at night. These simple village folk, many of whom are tailors are now able to work longer hours. The women are able to cook at leisure and the children are able to study longer!

Special Projects

With special projects, ABB springs into action when there is a 'need for help' from communities affected by natural disasters, a recent example being the Tsunami tragedy. Besides providing immediate relief, ABB India completed the programme to help rehabilitate nearly 1000 people and rebuild their livelihoods, in partnership with NGOs.

Welfare / Awareness

ABB also focuses on the welfare of its employees and the communities it operates in. This includes awareness programmes, health checks, medical camps etc. A country health advisor has been appointed to facilitate this objective. The company enforces a policy that mandates the use of helmets for two wheeler users and safety belts for four-wheeler users.

Environment

All units of ABB India are ISO14001 certified. Some of the environmental initiatives underway across locations include greening, recycling, energy conservation, rainwater harvesting and vermiculture. ABB also helps with environmental initiatives in its main areas of operation by extending support to greening initiatives, tree plantations, extending green cover, maintaining traffic islands, providing tree guards etc.

Health & Safety

ABB in India continued to enhance its focus on occupational health and safety. A clear safety policy is in place with a dedicated safety organization across locations. Regular audits and ongoing communications ensure continued emphasis on this vital area.

Notice to Members

NOTICE is hereby given that the FIFTY-SEVENTH ANNUAL GENERAL MEETING of the Members of **ABB Limited** will be held at The Atria Hotel, "Chancery", No.1, Palace Road, Bangalore – 560 001, on **Friday, May 25, 2007** at 3.00 PM (IST) to transact the following business:

Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet as at December 31, 2006 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 on equity shares.
3. To appoint a Director in place of Mr. Dinesh Paliwal, who retires by rotation at this Annual General Meeting, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. N S Raghavan, who retires by rotation at this Annual General Meeting, and being eligible, offers himself for re-appointment.
5. To appoint M/s. S.R. Batliboi & Co., Chartered Accountants, 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 authorise the Board of Directors to fix their remuneration.

Special Business:

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

"RESOLVED THAT pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and pursuant to Article 22 of the Articles of Association of the Company, consent of the Company be and is hereby accorded for sub-division of the face value of each equity share of the Company of Rs.10/- each into 5 equity shares of the face value of Rs.2/- each.

RESOLVED FURTHER THAT the unnumbered paragraph following Clause IV of the present Memorandum of Association be numbered Clause V and the words "The Authorised Share Capital of the Company is Rs.50,00,00,000/- (Rupees Fifty crores) divided into 4,25,00,000 Equity Shares of Rs.10/- (Rupees Ten) each and 7,50,000 - 11% Redeemable 10 years, Cumulative Preference Shares of Rs.100/- (Rupees One Hundred) each" therein be and are hereby replaced by the following:

- V. "The Authorised Share Capital of the Company is Rs.50,00,00,000/- (Rupees Fifty crores) divided into 21,25,00,000 Equity Shares of Rs.2/- (Rupees Two) each and 7,50,000 - 11% Redeemable 10 years, Cumulative Preference Shares of Rs.100/- each"

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board", which expression shall include a Committee thereof) and / or the Company Secretary be and are hereby severally authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient, to give effect to the above resolution including but not limited to filing of necessary forms with the Registrar of Companies and other deeds / documents / writings as may be required by depositories / stock exchanges, issue of new

share certificates representing the sub-divided equity shares with new distinctive numbers and / or crediting the shareholders' dematerialisation account maintained by them with their respective depositories, subject to the provisions laid down under the Companies (Issue of Share Certificates) Rules, 1960 and the Articles of Association of the Company and to delegate all or any of the powers herein vested, to the officials of the Company, to give effect to the aforesaid resolution.

AND RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board and / or the Company Secretary be and are hereby authorised on behalf of the Company, to take all necessary actions which in its absolute discretion deem necessary, to resolve and settle all questions and difficulties that may arise in the sub-division of equity shares, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 31 and all 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 existing Article 5 of the Articles of Association of the Company be and is hereby replaced by the following new Article 5:

5. The Authorised Share Capital of the Company is Rs.50,00,00,000/- (Rupees Fifty Crores) divided into 21,25,00,000 equity shares of Rs.2/- (Rupees Two) each and 7,50,000 - 11% Redeemable 10 Years, Cumulative Preference Shares of Rs.100/- each."

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, 316, 317 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, ("Act"), read with Schedule XIII thereto, consent of the Company be and is hereby accorded to the re-appointment of and payment of remuneration to, Mr. Ravi Uppal as the Vice Chairman & Managing Director of the Company (hereinafter referred to as 'Mr. Uppal'), for a further period of 5 (five) years from October 1, 2006 to September 30, 2011 (both days inclusive), on the terms and conditions set out in the draft Agreement to be entered into between the Company and Mr. Uppal, placed on the table and initialed by the Chairman for the purpose of identification with authority to the Board of Directors of the Company ("Board") to alter, vary and modify, from time to time, the terms and conditions of the said draft Agreement including review of remuneration annually and / or otherwise, in such manner as may be agreed upon by the Board and Mr. Uppal, and in accordance with the limits prescribed under Schedule XIII to the Act.

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