

India

**Asea Brown Boveri Limited**

**Annual Report 2000**



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Asea Brown Boveri Limited  
Plot No. 22-A, Shah Industrial Estate,  
1st Floor, Off Veera Desai Road,  
Andheri (West),  
Mumbai 400 053  
Tel : 022-6394254, 6394256  
Fax : 022-6394255



Brain Power.™ 

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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

### Corporate Management Committee

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

### 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.

### Registered Office

Plot No. 22-A, Shah Industrial Estate, 1<sup>st</sup> 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

### 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                                       | 2000             | 1999    | 1998    | 1997     | 1996**   |
| <b>Sources of Funds</b>                           |                  |         |         |          |          |
| 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  |
| <b>Income and Profits</b>                         |                  |         |         |          |          |
| 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  |
| <b>Other Data</b>                                 |                  |         |         |          |          |
| * 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

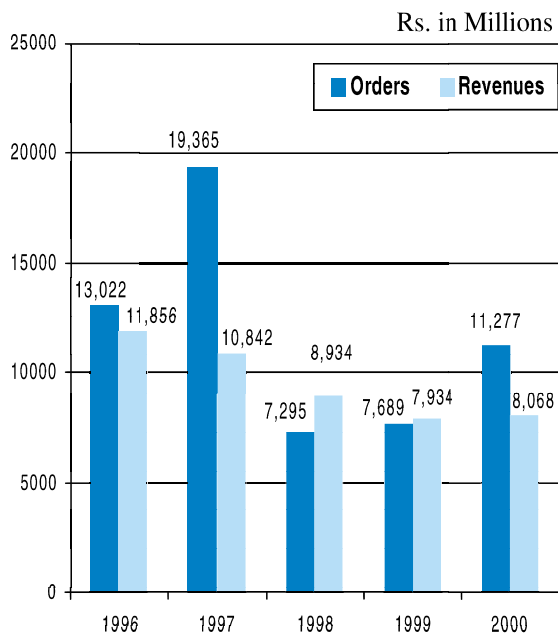
\*\* Excluding extraordinary income on sale of Transportation business

Note :

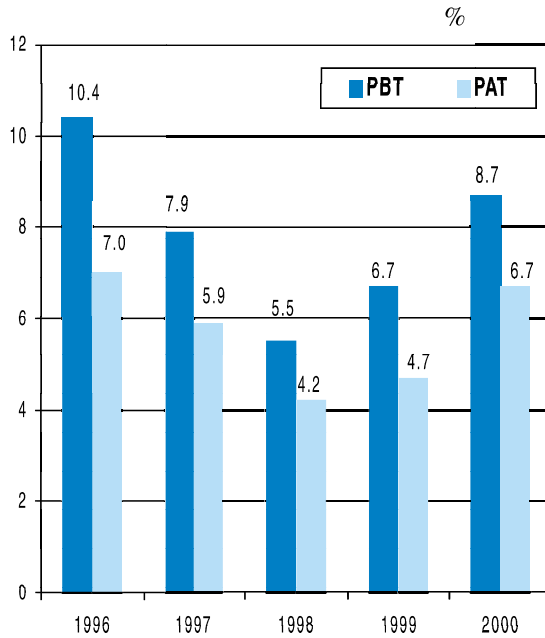
Above highlights includes figures till the date of sale / demerger of Transportation and Power Generation business up to 31 July, 1996 and 31 March, 1999 respectively.

# 5 Year Highlights

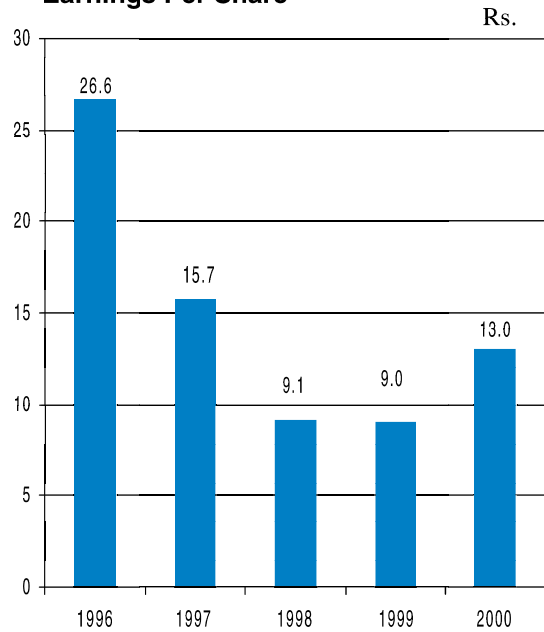
**Orders Received & Revenues**



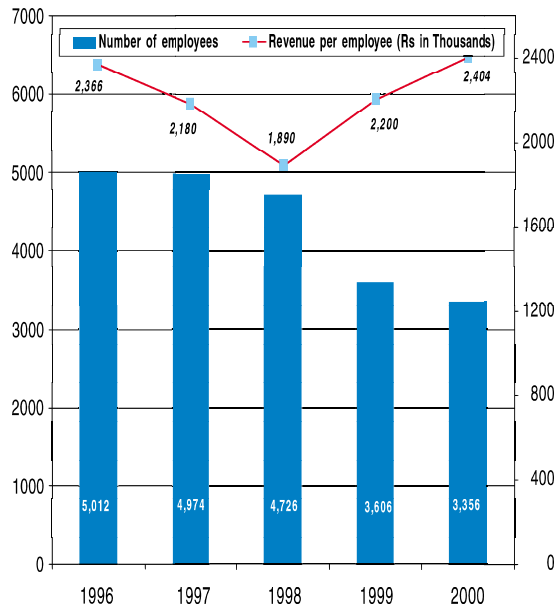
**PBT & PAT as % of Revenues**



**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:

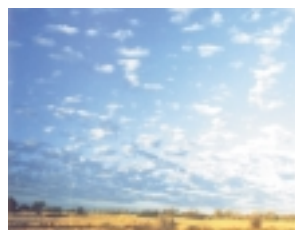
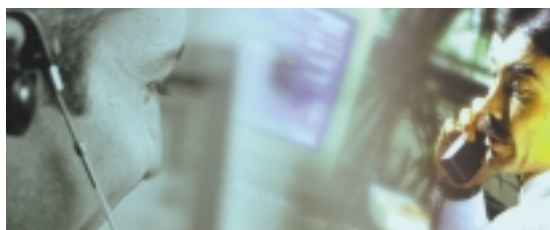
- Power, gas and water utilities
- Process industries like pulp and paper, metal and mining, chemicals and pharmaceuticals
- Manufacturing and consumer industries like car makers and food and beverage companies.
- Oil, gas and petrochemicals companies
- Channel partners, like wholesalers, distributors,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

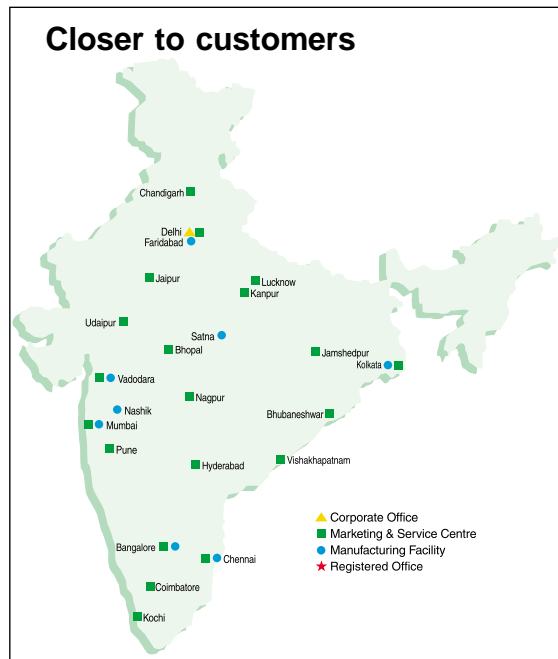
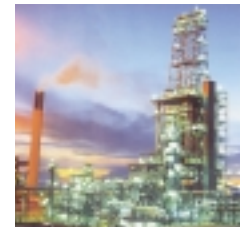
ABB offers its customers stand-alone products for electrical, ventilation and air conditioning requirements, total solutions in terms of design, supply, installation, commissioning and service support for industrial and commercial buildings.

**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.



## 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, 1<sup>st</sup> 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.

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. A. Ramamurthy is concerned or interested in the resolution as it relates to his own appointment.

*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, 1<sup>st</sup> Floor,  
Shah Industrial Estate,  
Off Veera Desai Road,  
Andheri (West), Mumbai 400 053

## Directors' Report

The Directors have pleasure in presenting their Fifty-first Annual Report and Accounts for the year ended 31 December, 2000.

### Financial Results

|   | <b>(Rs. in Thousands)</b>                           |   |
|---|---|---|
|   | <b>For the year<br/>ended 31<br/>December, 2000</b> | <b>For the year<br/>ended 31<br/>December, 1999</b> |
| Profit Before Taxation  | <b>705,115</b>                                      | 531,956   |
| Less: Provision for Taxation-Income tax   | <b>165,000</b>                                      | 160,000   |
| Profit After Taxation   | <b>540,115</b>                                      | 371,956   |
| Less: Transfer to Foreign Projects Reserve Account  | <b>22,000</b>                                       | 34,900  |
| Balance brought forward from last year  | <b>245,686</b>                                      | 200,573   |
| Amount available for Appropriation  | <b>763,801</b>                                      | 537,629   |
| <b>Appropriations</b>   |   |   |
| General Reserve   | <b>260,000</b>                                      | 60,000  |
| Proposed Dividend   | <b>207,092</b>                                      | 207,092   |
| Corporate Dividend Tax thereon  | <b>46,803</b>                                       | 22,780  |
| Surcharge on Corporate Dividend Tax (1998 Dividend)   | -   | 2,071   |
| Balance carried forward   | <b>249,906</b>                                      | 245,686   |
|   | <b>763,801</b>                                      | 537,629   |
| <b>Dividend</b>   |   |   |
| In line with Company's recent years policy of consistent dividend, the Directors recommend payment of following dividend:   |   |   |
| A dividend at the rate of Rs. 5.00 per share for the year ended 31 December, 2000 on 41,418,356 equity shares of Rs.10 each (Previous year at the rate of Rs.5.00 per share). | <b>207,092</b>                                      | 207,092   |
| Corporate Dividend Tax thereon  | <b>46,803</b>                                       | 22,780  |

## Performance Review

Total orders received during the year at Rs. 11,277 million were 52% higher compared to Rs.7,410 million (excluding the power generation business demerged with effect from 1 April, 1999) in the previous year. The orders booked were higher in each of the segments.

Order backlog at the end of 2000 increased to Rs.7,034 million compared to Rs.4,154 million at the end of previous year.

Sales and other income for the year was Rs.8,068 million compared to Rs.7,704 million (excluding power generation business) in the previous year, reflecting an increase of 5%.

Profit before taxation for the year was higher at Rs.705 million compared to Rs.598 million (excluding power generation business) in the previous year. Volume growth, better cost management and lower restructuring costs accounted for improved results. The profit after taxation was significantly higher at Rs.540 million compared to Rs.418 million (excluding power generation business) in the previous year after providing for Rs.165 million for taxation. The provision for taxation was lower due to reversal of excess tax provision of Rs.23 million made in 1999 for the fixed assets of demerged power business on retrospective amendment to the Income-tax Act, 1961.

The Company's future prospects are closely linked to investments in the power and industrial sectors. While there are still unresolved issues relating to these sectors' investments, the Company believes that in the medium and long term, significant investment will be made in these sectors. The Company is confident to secure an important share of the business. Considering the comfortable order backlog position at the beginning of the year, higher growth in Revenues is expected in the year 2001.

## Debentures

During the year the Company has redeemed the third and last instalment of Rs.17 million of 18% Non-Convertible Debentures, of the total aggregating to Rs.50 million which were issued on private placement basis to the financial institutions in 1992 for the purpose of augmenting working capital requirements of the Company.

## Fixed Deposits

Fixed deposits totalling Rs. 1,308 thousand due for repayment on or before 31.12.2000 were not claimed by the depositors as on that date. As on the date of this report, deposits amounting to Rs. 250 thousand have been claimed and paid.

## Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in Annexure - A, forming part of this report.

## Environment Compliance

The Company has in place, a system for controlling and monitoring pollutants at all factories, which has resulted in all of our units complying with environmental standards and legislation. We have submitted environmental statement reports for all our factories to the local authorities.

During the year, the Company has obtained ISO 14001 (EMS) certificates for its manufacturing units at Peenya and Andheri. With this, all the 7 manufacturing units of the Company have received certificates for ISO 14001 (EMS). Nashik unit on completion of three years has been re-certified for the ISO 14001 (EMS).

Due to the various environmental management programmes initiated the consumption of natural resources such as energy, water and paper has been reduced and ozone depleting substances at some of the sites have been either eliminated or reduced. During the year many improvement projects were completed including effluent treatment plant and incinerator plant for disposal of hazardous waste and exhaust systems with scrubber and safe storage facilities for hazardous wastes at various sites. Regular training programmes were organised on environment compliance and protection, ISO 14001 (EMS) and environment laws and regulations.

## Particulars of Employees

The statement under sub-section (2A) of Section 217 of the Companies Act, 1956, read with the

Companies (Particulars of Employees) Rules, 1975, as amended, and forming part of this report is given in the Annexure - B.

### **Directors' Responsibility Statement**

Directors' responsibility statement under Section 217 (2AA) of the Companies Act, 1956, forming part of this report is given in the Annexure - C.

### **Corporate Governance**

Pursuant to clause 49 of the listing agreement, a report on corporate governance and a certificate from the auditors of the Company is given in the Annexure - D and Annexure - E respectively, which forms part of this report.

### **Directors**

Mr. Jacob Disch, Mr. Tommie Bergman, Mr. Bo Martin Waern and Mr. J.S. Zala resigned from the Board of Directors of the Company. The Board places on record its appreciation for their contributions during their tenure as Directors.

Mr. Alope Mookherjea, retired on 31 December, 2000 on completion of his term as Whole-time Director of the Company. The Board acknowledges and places on record the valuable services and guidance given by him during his tenure.

Mr. Sune Karlsson, Mr. Eric Drewery and Mr. Ramamurthy were appointed as Additional Directors of the Company and

hold office upto the date of ensuing Annual General Meeting.

In accordance with the provisions of the Companies Act, 1956, and Company's Articles of Association, Mr. K.N. Shenoy retires by rotation as Director at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

A notice has been received from member/s pursuant to Section 257 of the Companies Act, 1956, proposing the name of Mr. Karlsson, Mr. Drewery and Mr. Ramamurthy as Directors at the ensuing Annual General Meeting.

### **Auditors**

The Company's auditors M/s. Bharat S Raut & Co. hold office upto the conclusion of the ensuing Annual General Meeting. The Company has received a requisite certificate pursuant to Section 224(1B) of the Companies Act, 1956, regarding their eligibility for re-appointment as Auditors of the Company.

For and on behalf of the  
Board of Directors

K. N. Shenoy  
Chairman

Bangalore  
24 April, 2001

## Annexure - A to Directors' Report 2000

### **Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo - Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.**

#### **(A) Conservation of energy**

##### **(a) Energy conservation measures taken during the year**

Areas of work during the year were power factor improvement by installing LT capacitor banks, illumination systems, change in air conditioning systems and improvements in compressed air systems to reduce energy consumption. Training programmes were conducted to increase awareness on energy saving.

##### **(b) Proposals being implemented for reduction of energy consumption**

Proposed areas of work include air conditioning systems, air cooling plants, electrical motors, solar heating system, manufacturing processes, illumination systems and compressed air system.

##### **(c) Impact of measures (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods**

Total energy saving is estimated at around 240,000 units of energy per annum. This saving, however, has no appreciable impact on cost of goods, as the Company's production processes are not energy intensive.

#### **(B) Technology Absorption**

##### **(a) Research and Development (R&D)**

##### **(1) Specific areas in which R&D is carried out by the Company**

R&D effort is carried out in almost all the products and processes, specifically, in the major areas given below:

Distribution system improvement, energy

management in hotels and cement industries, development of IT solutions for the metals, minerals, pulp and paper industries, automatic meter reading software, upgradation of various products like CBs, MV systems, numerical terminals etc., launching of new products like STATCON for windmills and retrofitting and revamping of outdoor substation including specific equipment like CBs and Disconnectors.

##### **(2) Benefits derived as a result of above R&D**

The benefits to the Company resulting from R&D activities is manifold. The Company absorbed new and upcoming global technologies, which resulted in an increased technical base.

Benefits have also been reflected in terms of

- Improved service support
- Innovative system solutions
- Improvement in market share, exports and new businesses
- Development of eco-friendly and energy saving products and systems
- Reduction in production costs
- Improvement in reliability of equipment and processes

##### **(3) Future plan of action**

Efforts will be made by integrating R&D with business needs for offering better value added products and services for our customers.

Upgradation of various systems and equipment will continue in specific areas like 400kV and HVDC back-to-back transformers, 400kV, 50kA SF6 circuit breakers, introduction of new Turbocharger models, frequency relay test kit, timer relay for railways, electrical system studies, distribution automation, diagnostic testing and condition monitoring, digital PLCC, portable disturbance recorder, introduction of new range numerical transformer and

series compensated line protection, development of higher rating STATCON, solution development using Industrial IT framework and development of traction and high efficiency motors.

**(4) Expenditure on R&D**

(Rs. in Thousands)

|  |        |
|--|--------|
| i. Capital   | 27,783 |
| ii. Revenue  | 23,083 |
| iii. Total   | 50,866 |
| iv. Total R&D expenditure<br>as a percentage of turnover | 0.63   |

**(b) Technology absorption, adaptation and innovation**

**(1) Efforts made towards technology absorption, adaptation and innovation**

Extensive training and skill building exercises were conducted in-house and at collaborators' end to improve design, development, production, commissioning and servicing. Some of them are:

Design techniques of 'Trafostar' transformers, PMDC motor in place of imported DC Compound motor, HV circuit breaker contact fingers, monitoring field operation of turbochargers, upgradation of 400kV CT, development of 400kV CVT with higher capacitance and 145kV CVT for low primary currents, Alpha simulator software, 3 phase loco blowers, simulation tests on line protection, introduced negative sequence and out of step relays and offering of total integrated clean room facility to industry.

**(2) Benefits derived as a result of above efforts**

**(i) Product improvement**

As a result of the above efforts, product quality, performance and reliability have improved.

**(ii) Cost reduction**

Substantial cost reduction was achieved through supply management, design changes in VTC 304 turbocharger, communication module, Alpha meters, VD4 circuit breakers and 36kV outdoor circuit breakers.

**(iii) Product development**

Important products developed were 11kV outdoor VCB, BLK222 drive and EDI, Disconnecter type SGF36 and SFG72.5, VTC304 turbocharger, communication module and protocol converter of Spacom relays, higher current CTs, new version of Alpha energy meter, clean room facilities for industries, new series of centrifugal fans, STATCON, IT solutions in the areas of manufacturing execution systems, process optimisation and modelling, 12kV outdoor CB and roller table motors.

**(iv) Import substitution**

Import substitution was carried out for DC compound motor and various equipment like 400kV CB and ED1 SK1-1, mechanical hardware for numerical line protection terminals, G5 bushings and 12/36kV CBs.

**(3) Imported technology (imported during last 5 years)**

**(i) Technology imported**

|  |      |
|--|------|
| – Medium voltage CB Type VD4E & VD4                        | 1996 |
| – Spacom relays  | 1996 |
| – Power and traction transformers                          | 1998 |
| – SF6 CB Types ELF-SP, SP 4-1, ELF SP 6-21 and ELF SP 6-22 | 1998 |
| – Relays   | 1998 |
| – EDF SK1 36 to 72.5kV                                     | 1999 |
| – Switch fuses 200 Amps. to 800 Amps.                      | 1999 |
| – Magnetic actuator Type A2 for CBs upto 36kV              | 2000 |
| – Medium voltage air insulated switchboard type unisafe    | 2000 |



(ii) Has technology been fully absorbed ?

Yes, except for certain types of Spacom relays and unisafe MV air insulated switchboard.

turnkey project prospects in South Asian countries.

**(b) Total foreign exchange used and earned**

(Rs. in Thousands)

**(a) Activities related to exports; initiatives taken to increase exports, development of new export markets for products and services, export plans**

Foreign exchange used 1,589,412

Foreign exchange earned 679,698  
(including deemed exports)

As a result of various initiatives taken by the Company, orders received for exports were 48% higher during the year. Orders received included certain new products like vacuum circuit breakers and power transformers and a turnkey 132kV switchyard project from Bangladesh apart from traditional areas of high and low voltage apparatus.

To increase export business, the export group has been further strengthened. Company is currently also focussing on

For and on behalf of the  
Board of Directors

K. N. Shenoy  
Chairman

Bangalore  
24 April, 2001

# Annexure - B to Directors' Report 2000

## Statement under Sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, and forming part of the Directors' Report for the Year ended 31 December, 2000

| Name of the Employee        | Designation/Nature of Duties                   | Remuneration Received (Rs.) | Qualification                                 | Experience (Years) | Date of Commencement of Employment | Age (Years) | Previous Employment                     |                                     |
|-----------------------------|--|-----------------------------|---|--------------------|------------------------------------|-------------|---|-------------------------------------|
|                             |  |                             |   |                    |                                    |             | Name of the Company                     | Designation                         |
| Ahuja Gyan Prakash **       | Officer - Finance                              | 569,192                     | B. Com.                                       | 27                 | 13/06/72                           | 48          | -                                       | -                                   |
| Anders Bergdahl             | Commissioning Manager                          | 3,916,799                   | Electrical Engineer                           | 21                 | 14/10/98                           | 45          | ABB Power Systems AB                    | System Engineer                     |
| Anupama K.N. **             | Sr. Engineer                                   | 571,424                     | B.E.  | 9                  | 28/01/91                           | 33          | -                                       | -                                   |
| Avare Shantaram **          | Workman  | 658,522                     | -   | 19                 | 01/04/81                           | 46          | -                                       | -                                   |
| Bagchi Subha (Mrs.) **      | Secretary                                      | 547,866                     | B.A.  | 23                 | 21/02/77                           | 46          | -                                       | -                                   |
| Bala Poojari **             | Workman  | 658,874                     | 8th Std.                                      | 21                 | 03/04/79                           | 48          | -                                       | -                                   |
| Balachandran B. **          | Personnel Manager                              | 568,096                     | B.A., PGD                                     | 26                 | 01/04/95                           | 51          | Hindustan Steel Works Construction Ltd. | Asst. Manager                       |
| Basu Kunal **               | Manager - Planning                             | 563,758                     | B.E., M.B.A.                                  | 20                 | 03/08/81                           | 49          | Paharpur Cooling Towers Ltd.            | Production Planning Engineer        |
| Baxi R.N.                   | General Manager - PTO Group                    | 1,260,013                   | B.E. (Mech. & Elec.)                          | 35                 | 06/02/83                           | 58          | Khatau Jhunkar Ltd.                     | Plant Manager                       |
| Beni Madhav Choube **       | Workman  | 259,535                     | 8th Std.                                      | 36                 | 02/01/78                           | 58          | Lotus Court Co-op. Society              | Helper                              |
| Bhamre K.B. **              | Workman  | 576,043                     | 11th Std., I.T.I. (Fitter)                    | 24                 | 28/04/79                           | 47          | Cosmos India Rubber Works               | Fitter                              |
| Bhandare A.R. **            | Supervisor                                     | 601,827                     | B.A.  | 20                 | 01/02/80                           | 47          | HPT College                             | Clerk-cum-typist                    |
| Bhatia G.H.                 | General Manager - Transformers                 | 1,261,839                   | B.E. (Elec.)                                  | 32                 | 01/08/79                           | 53          | General Electric Co. Ltd.               | Sales Executive                     |
| Bhatia Ganesh Dass **       | Driver   | 306,764                     | Matric  | 23                 | 12/04/77                           | 56          | -                                       | -                                   |
| Bhattacharya J.K.           | Vice President - WBSEB Project                 | 1,459,143                   | B.E. (Elec.)                                  | 37                 | 01/11/68                           | 57          | Jessop & Co. Ltd.                       | Foreman                             |
| Carlsson Carl Gote          | General Manager                                | 2,878,543                   | B. Sc. (Engg.), LLM                           | 33                 | 01/07/99                           | 55          | ABB Power Systems AB                    | Project Manager                     |
| Chakrabarti Sailes **       | Planning Officer                               | 495,330                     | L.M.E.  | 32                 | 07/10/79                           | 53          | Stainco Enterprises                     | Shift Supervisor                    |
| Chandak R.R. **             | Dy. Manager                                    | 533,245                     | D.E.E.  | 18                 | 01/08/82                           | 41          | -                                       | -                                   |
| Chaudhuri Biswanath **      | Executive - Contracts                          | 328,053                     | B. Com.                                       | 35                 | 15/04/80                           | 56          | Austin Distributors Pvt. Ltd.           | Assistant                           |
| Chopra V.K. **              | Sr. Manager                                    | 666,001                     | D.E.  | 33                 | 01/12/66                           | 54          | -                                       | -                                   |
| Clarke John A.              | Chief Financial Officer                        | 4,318,591                   | FAICD   | 22                 | 01/09/98                           | 44          | ABB Ltd., China                         | Chief Financial Officer             |
| Darane Ramakant **          | Workman  | 658,730                     | 9th Std.                                      | 18                 | 01/06/82                           | 45          | -                                       | -                                   |
| Darane Shashikant **        | Workman  | 661,040                     | 10th Std.                                     | 28                 | 01/07/72                           | 48          | -                                       | -                                   |
| Darange R.P. **             | Supervisor                                     | 547,805                     | S.S.C.  | 22                 | 12/05/80                           | 42          | Dist. Court, Nashik                     | Steno-typist                        |
| Dengale G.M. **             | Workman  | 528,698                     | S.S.C., I.T.I. (Fitter)                       | 21                 | 15/02/82                           | 48          | Hydro Pneumatics Co.                    | Fitter                              |
| Desai N.R. (Mrs.) *         | General Manager & Company Secretary            | 964,722                     | B.Com. (Hons.), L.L.B., F.C.S.                | 22                 | 19/08/93                           | 47          | Escorts Tractors Ltd.                   | General Manager & Company Secretary |
| Dhawani A.                  | Vice President - Marketing                     | 1,908,530                   | B.Sc. Engg. (Elec.)                           | 28                 | 15/12/73                           | 52          | -                                       | -                                   |
| Dullu A.K.                  | General Manager - Transmission Systems         | 1,445,396                   | B.Sc. Engg. (Elec.)                           | 27                 | 12/08/99                           | 51          | Alstom Ltd.                             | Chief Unit Head                     |
| Dutta Suresh KR **          | Officer  | 564,113                     | SF  | 35                 | 01/12/65                           | 54          | -                                       | -                                   |
| Friedrich Roland *          | Key Account Manager                            | 246,854                     | Dr. Engr., CIP in Engr. - Marketing           | 24                 | 03/02/98                           | 48          | ABB IndustrietechnikAG                  | Sr. Manager - Marketing             |
| Ganguly Bipra Das **        | Officer  | 298,965                     | D.M.E.  | 37                 | 01/06/63                           | 57          | -                                       | -                                   |
| Gangurde A.P. **            | Workman  | 573,424                     | S.S.C., I.T.I. (Fitter)                       | 22                 | 01/04/79                           | 46          | MSEB                                    | Fitter                              |
| Geetha Viswanathan (Mrs.)** | Secretary                                      | 668,379                     | B. Com.                                       | 33                 | 11/02/85                           | 51          | Automotive Axles Ltd.                   | Confidential Secretary              |
| Gokul Gamare **             | Workman  | 658,730                     | 4th Std.                                      | 22                 | 02/01/78                           | 51          | -                                       | -                                   |
| Gonsalves Augustin **       | Workman  | 651,677                     | 4th Std.                                      | 39                 | 03/04/61                           | 54          | -                                       | -                                   |
| Gupta Mahesh Chandra **     | Dy. General Manager                            | 711,256                     | B.E., PGDBM                                   | 28                 | 31/03/95                           | 50          | MECON (I) Ltd.                          | Engineering Manager                 |
| Halder Dilip KR **          | Officer - Accounts                             | 395,603                     | B. Com.                                       | 33                 | 18/01/73                           | 56          | Dakshina Steel Ltd.                     | Clerk-cum-typist                    |
| Husain Bazmi R.             | Vice President - Automation Segment            | 1,352,610                   | B.E. (Hons.), E.E.M.S. (Physics) Hons.        | 21                 | 01/09/97                           | 42          | ABB Industrial Systems                  | Vice President - Industry Segment   |
| Jadhav L.A. **              | Workman  | 573,773                     | S.S.C., I.T.I.                                | 24                 | 11/05/78                           | 45          | OZR Electro Tech. Pvt Ltd.              | Assembler                           |
| Jagdish Singh **            | Workman  | 659,161                     | H.S.C.  | 21                 | 02/01/81                           | 42          | System Electrical                       | Helper                              |
| Kanchan E.P. **             | Supervisor                                     | 496,286                     | S.S.C.  | 34                 | 02/04/79                           | 55          | System Electrical                       | Clerk                               |
| Karmarkar A.M. **           | Dy. Manager                                    | 605,268                     | B.E. (Mech.), MDBA                            | 13                 | 15/04/90                           | 36          | Bajaj Auto Ltd                          | Asst. Engineer                      |
| Kasar Sunil **              | Workman  | 656,937                     | 9th Std.                                      | 12                 | 01/08/89                           | 38          | -                                       | -                                   |
| Kaura K.K.                  | Managing Director                              | 3,298,088                   | B.E. (Hons.) Mech. Engg.                      | 33                 | 16/04/83                           | 54          | Hindustan Aeronautics Ltd.              | Sr. Manager                         |
| Krishna Murthy R. **        | Officer - Personnel                            | 565,774                     | B.A.  | 21                 | 15/11/85                           | 43          | Loharu Steel Industries Ltd.            | Personal Assistant                  |
| Kulthe V.A. **              | Supervisor                                     | 543,458                     | S.S.C.  | 26                 | 16/04/79                           | 52          | Jyoti Ltd.                              | Clerk                               |
| Lingayat R.D. **            | Officer  | 361,690                     | S.S.C., I.T.I. (Elec.)                        | 36                 | 01/06/78                           | 58          | Jyoti Ltd.                              | Tester                              |
| Majumder Biplab             | Vice President - Building Technologies Segment | 1,291,120                   | M.Tech. (Chem.)                               | 31                 | 10/02/78                           | 52          | Chemical & Metallurgical Co. Pvt. Ltd.  | Process Engineer                    |
| Mathur Alok                 | Vice President - Financial Services Segment    | 3,034,187                   | B.Sc. (Chem.Engg.), M.S (Chem. Engg.), M.B.A. | 26                 | 01/07/98                           | 51          | ABB Structured Finance                  | Sr. Vice President                  |
| Minibhai E.K. **            | Officer  | 577,371                     | D.E.  | 12                 | 01/02/88                           | 31          | -                                       | -                                   |
| Mondal Gouri Sankar **      | Officer  | 232,731                     | B.A.  | 31                 | 02/05/70                           | 57          | General Electric Co. of India Ltd.      | Workman                             |
| Mookherjee Alope            | Whole-time Director                            | 2,889,528                   | B.E. (Elec.)                                  | 34                 | 01/09/97                           | 64          | ABB ABL Ltd.                            | Managing Director                   |

| Name of the Employee        | Designation/Nature of Duties                         | Remuneration Received (Rs.) | Qualification  | Experience (Years) | Date of Commencement of Employment | Age (Years) | Previous Employment                         |                         |
|-----------------------------|--|-----------------------------|--|--------------------|------------------------------------|-------------|---|-------------------------|
|                             |  |                             |  |                    |                                    |             | Name of the Company                         | Designation             |
| More S.D. **                | Workman  | 309,466                     | S.S.C.   | 38                 | 02/01/81                           | 58          | VM Engineering System                       | Helper                  |
| Murugesan G. **             | Workman  | 658,569                     | 8th Std.   | 19                 | 02/01/81                           | 40          | -   | -                       |
| Naqvi S.S.A. **             | Manager  | 642,631                     | B. Sc. (E.), M. Tech.  | 16                 | 09/04/91                           | 42          | WTI Advance Technology Ltd.                 | Engineer                |
| Narad Khandu **             | Workman  | 658,261                     | 6th Std.   | 19                 | 02/01/81                           | 46          | -   | -                       |
| Nath B.M. **                | Marketing Engineer                                   | 596,825                     | B.E., PGDMS  | 18                 | 28/10/91                           | 43          | Mysore Kirloskar Ltd.                       | Marketing Engineer      |
| Nirantar M.R. **            | Officer  | 533,048                     | B.A.   | 35                 | 10/03/79                           | 56          | BCL XLO Shop Division                       | Store Keeper            |
| Padyal Chandrakant **       | Workman  | 659,793                     | S.S.C.   | 19                 | 02/01/81                           | 44          | -   | -                       |
| Pagare D.M. **              | Workman  | 560,561                     | 9th Std.   | 18                 | 01/01/82                           | 40          | -   | -                       |
| Pallai N.B. **              | Workman  | 570,989                     | 8th Std., I.T.I. (Fitter)                                      | 32                 | 02/12/77                           | 52          | Hindustan Fastners                          | Fitter                  |
| Panchal Jitendra **         | Workman  | 659,857                     | S.S.C.   | 18                 | 01/01/83                           | 38          | AUTOCOMP Industries                         | Helper                  |
| Pandit K.V. **              | Workman  | 661,040                     | S.S.C., I.T.I. Wireman   | 29                 | 01/09/71                           | 52          | -   | -                       |
| Pandit M.L. **              | Officer  | 552,438                     | D.M.E.   | 22                 | 01/06/78                           | 45          | -   | -                       |
| Parmar A.J. **              | Supervisor   | 562,787                     | S.S.C., I.T.I.   | 19                 | 01/03/81                           | 40          | -   | -                       |
| Patel Abbas **              | Dy. Manager  | 539,181                     | I.T.I. – Fitter  | 36                 | 01/12/64                           | 57          | -   | -                       |
| Patil D.B. **               | Workman  | 658,764                     | S.S.C.   | 19                 | 01/08/89                           | 39          | -   | -                       |
| Paul Asim Kumar **          | Officer  | 441,364                     | B.A.   | 27                 | 02/07/73                           | 53          | Govt. of West Bengal                        | Typist                  |
| Pitre V.W. **               | Dy. Manager  | 563,056                     | D.M.E., D.E.E.   | 36                 | 02/04/80                           | 56          | Crompton Ltd.                               | Engineer                |
| Puransingh G **             | Workman  | 658,749                     | 9th Std.   | 19                 | 02/01/81                           | 40          | System Electrical                           | Helper                  |
| Rahate Baliram **           | Workman  | 658,730                     | 5th Std.   | 19                 | 02/01/81                           | 47          | -   | -                       |
| Rajbhar Ballar S. **        | Workman  | 658,749                     | -  | 19                 | 02/01/81                           | 43          | -   | -                       |
| Rajmal Lala **              | Workman  | 658,558                     | 4th Std.   | 22                 | 02/01/78                           | 54          | -   | -                       |
| Ravi Shanker S. **          | Marketing Engineer                                   | 596,825                     | B.E.   | 19                 | 02/05/86                           | 42          | Nettur Technical Training Foundation (NTTF) | Senior Tools Designer   |
| Ravichandra K. **           | Dy. Manager  | 476,192                     | B.E., M. Sc. (E)   | 16                 | 16/08/93                           | 39          | Systems Dimensions Pvt. Ltd.                | Service Engineer        |
| Ray Kakoli **               | Personal Secretary                                   | 571,036                     | B.A.   | 17                 | 22/03/88                           | 40          | CPA Consultancy Services Pvt. Ltd.          | Office Assistant        |
| Ray S.K.                    | General Manager (Eastern Region)                     | 1,377,566                   | B.E. (Elec.)   | 36                 | 12/07/79                           | 58          | N.G.E.F. Ltd.                               | Tech. Supdt.            |
| Sadhu I.K.                  | Vice President – Transmission & Distribution Segment | 1,703,822                   | B.Sc. (Engg.)  | 36                 | 01/02/70                           | 56          | B.H.E.L.                                    | Commercial Engineer     |
| Saha Alpana **              | Personal Secretary                                   | 570,835                     | B. Com.  | 18                 | 27/03/89                           | 39          | Andrew Yule & Co. Ltd.                      | Stenographer            |
| Sampath K **                | Secretary  | 540,799                     | B.A., PGDPM  | 23                 | 10/02/88                           | 44          | Bakelite Hylam Ltd.                         | Stenographer            |
| Shah N.N. **                | Dy. Manager  | 553,534                     | B.E. (Elec.)   | 23                 | 01/04/80                           | 45          | Gujarat Electricity Board                   | Junior Engineer         |
| Shah U.P. **                | General Staff  | 535,653                     | B. Com.  | 11                 | 01/07/89                           | 35          | -   | -                       |
| Shaikh I.A. **              | Dy. Manager  | 598,702                     | D.M.E., D.E.E., D.M.M.   | 35                 | 18/10/80                           | 56          | Tasali Snack Food Co.                       | Maintenance Engineer    |
| Shivalkar Kishore **        | Workman  | 658,730                     | -  | 21                 | 02/04/79                           | 42          | -   | -                       |
| Taral S.R. **               | Workman  | 537,352                     | S.S.C.   | 19                 | 07/10/81                           | 38          | -   | -                       |
| Thete S.E. **               | Officer  | 386,780                     | DERCE  | 35                 | 06/12/81                           | 55          | Army  | Ex-Service man          |
| Vancheswaran Vijay (Dr.) ** | Dy. General Manager – Corporate Communications       | 684,942                     | B.E. (Metallurgy), M.Tech. (Management & Systems), Ph. D (TQM) | 19                 | 05/10/94                           | 45          | Bajaj Auto Ltd.                             | Sr. Manager – Marketing |
| Vasudevan K.S. **           | Dy. Manager  | 589,839                     | D. E.  | 32                 | 02/04/96                           | 53          | AEG-NGEF Ltd.                               | Manager                 |
| Vichare Shashikant **       | Workman  | 660,235                     | 12th Std.  | 11                 | 01/08/89                           | 35          | -   | -                       |
| Yadav Devtadin **           | Workman  | 658,569                     | 4th Std.   | 19                 | 02/01/81                           | 49          | -   | -                       |
| Yadav Lalbahadur **         | Workman  | 656,814                     | 9th Std.   | 11                 | 01/08/89                           | 37          | -   | -                       |
| Yadav Ramchal **            | Workman  | 658,730                     | 9th Std.   | 19                 | 02/01/81                           | 46          | -   | -                       |
| Zagde Anant **              | Workman  | 658,406                     | 10th Std.  | 27                 | 02/01/81                           | 47          | Vijay Engineering Co.                       | Helper                  |
| Zagde Nathuram **           | Workman  | 660,371                     | 6th Std.   | 20                 | 02/01/81                           | 40          | System Electrical                           | Helper                  |

\* Employed for a part of the Year

\*\* Voluntary Retirement Cases

Notes :

- (1) Nature of employment is contractual for all employees. Other terms and conditions are as per Company's Rules.
- (2) None of the above employee is related to any of the Directors of the Company.
- (3) Remuneration received includes Salary, Bonus, House Rent Allowance, Privilege Leave encashment, Personal Allowance, Overtime, Value of rent free accommodation, Contribution to Provident Fund, Superannuation, Health Insurance Premium, Personal Accident Insurance, Voluntary Retirement Compensation, Leave Travel Assistance, Medical Assistance, Company's car perquisites evaluated in accordance with the Income-tax Rules as applicable and Income-tax liabilities borne by the Company in respect of foreign technicians.

For and on behalf of the Board of Directors

Bangalore  
24 April, 2001

K.N. Shenoy  
Chairman

## Annexure - C to Directors' Report 2000

### **Directors' Responsibility Statement under Section 217 (2AA) of the Companies Act, 1956.**

The Directors confirm that

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed by the Company;
- (ii) such accounting policies have been selected and consistently applied and judgements and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 December, 2000 and of the profit of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate

accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) annual accounts has been prepared on a going concern basis.

For and on behalf of the  
Board of Directors

K.N. Shenoy  
Chairman

Bangalore  
24 April, 2001

## Annexure - D to Directors' Report 2000

### Report on Corporate Governance

#### (A) Corporate Governance Philosophy

The Company is committed to good Corporate Governance. The Company fully understands the rights of its shareholders to information on the performance of the Company and considers itself a trustee of its shareholders. The Company has always provided detailed information on various issues concerning the Company's business and financial performance to the shareholders.

The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedicate itself to increasing long-term shareholders' value, keeping in view the needs and interests of all its stakeholders. The Company is committed to transparency in all its dealings and places emphasis on business ethics.

#### (B) Board of Directors

##### (a) The present composition of the Board of Directors is as below:-

| Sr. No. | Name of Director                   | Executive/ Non-Executive    | No. of other  |                       |
|---------|------------------------------------|-----------------------------|---------------|-----------------------|
|         |                                    |                             | Directorships | Committee memberships |
| 1       | Mr. K.N. Shenoy (Chairman)         | Non-Executive & Independent | 5             | -                     |
| 2       | Mr. K.K. Kaura (Managing Director) | Executive                   | 6             | -                     |
| 3       | Mr. Vijay Karan                    | Non-Executive & Independent | 6             | -                     |
| 4       | Mr. Sune Karlsson                  | Non-Executive               | -             | -                     |
| 5       | Mr. Eric Drewery                   | Non-Executive               | -             | -                     |
| 6       | Mr. A. Ramamurthy                  | Non-Executive & Independent | 4             | -                     |

The Board consists of six Directors of whom one is Executive Director and five are Non-Executive Directors. Mr. K.K. Kaura is the Managing Director. He was appointed as a Managing Director for a period from 1 September, 1998 to 16 October, 2001 as per agreement approved by the shareholders. As per these terms and conditions, the Company or Mr. Kaura are entitled to terminate the contract by giving 180 days' notice to other party in writing. Mr. Alope Mookherjea, was appointed as a Whole-time Director from 1 September, 1997 and he has retired on 31 December, 2000 on completion of his term. All directors are professionally qualified and have a proven track record in their respective field and business matters.

##### (b) Changes in the composition of the Board of Directors

- Mr. Jakob Disch resigned as Director with effect from 20 April, 2000.
- Mr. Tommie Bergman was appointed as Director with effect from 25 April, 2000 in the casual vacancy caused due to the resignation of Mr. Jakob Disch. He resigned as a Director with effect from 24 April, 2001.
- Mr. Sune Karlsson was appointed as Additional Director with effect from 3 May, 2000.
- Mr. Alope Mookherjea retired on 31 December, 2000 on completion of his tenure as Whole-time Director of the Company.
- Mr. Bo Martin Waern resigned as a Director with effect from 15 January, 2001.
- Mr. J.S. Zala resigned as a Director with effect from 24 April, 2001.
- Mr. A. Ramamurthy was appointed as Additional Director with effect from 24 April, 2001.
- Mr. Eric Drewery was appointed as Additional Director with effect from 24 April, 2001.

##### (c) Meetings held in financial year 2000 and Attendance of Directors

The meetings of the Board and its Committee/s are generally held in Delhi or Mumbai or Bangalore and scheduled well in advance. The Board meets at least once in a quarter to consider amongst other business, the quarterly performance of the Company and financial results. Detailed agenda notes with MIS reports, charts, etc. are circulated well in advance. The Directors actively participate in the deliberations at these meetings.

The Board held five (5) meetings during the financial year 2000 viz. 11 February, 2000; 25 April, 2000; 2 May, 2000; 18 July, 2000 and 24 October, 2000.

The attendance of each Director at these meetings was as follows:

| <b>Sr. No.</b> | <b>Name of Director</b>                                       | <b>No. of Board Meetings attended</b> | <b>Attendance at last AGM</b> |
|----------------|---|---------------------------------------|-------------------------------|
| 1              | Mr. K.N. Shenoy (Chairman)                                    | 5                                     | Present                       |
| 2              | Mr. K.K. Kaura ( Managing Director)                           | 5                                     | Present                       |
| 3              | Mr. Vijay Karan   | 5                                     | Present                       |
| 4              | Mr. Sune Karlsson   | 1                                     | N.A.                          |
| 5              | Mr. J.S. Zala (since resigned)                                | 4                                     | Present                       |
| 6              | Mr. Tommie Bergman (since resigned)                           | 2                                     | Present                       |
| 7              | Mr. Alope Mookherjea<br>(Whole-time Director) (since retired) | 5                                     | Present                       |
| 8              | Mr. Jakob Disch<br>(resigned during the year)                 | Nil                                   | Not Present                   |
| 9              | Mr. Bo Martin Waern (since resigned)                          | Nil                                   | Not Present                   |

### **(C) Committees of Directors**

#### **(a) Audit Committee**

The Company has an Audit Committee of the Board since several years which comprised of three members including two Non-Executive Directors. Consequent to introduction of Corporate Governance through changes in the listing agreement with the stock exchanges, the Audit Committee was reconstituted in July 2000 to comprise three independent directors.

There were three (3) Audit Committee meetings held during financial year 2000 viz. 7 April, 2000; 13 July, 2000 and 24 October, 2000.

The composition of the Audit Committee is as follows:

| <b>Sr. No.</b> | <b>Members of Audit Committee</b>                        | <b>No. of meetings attended</b> |
|----------------|--|---------------------------------|
| 1              | Mr. K.N. Shenoy (Chairman) (appointed w.e.f. 2 May 2000) | 2                               |
| 2              | Mr. K.K. Kaura (resigned on reconstitution of committee) | 1                               |
| 3              | Mr. Vijay Karan  | 3                               |
| 4              | Mr. J.S. Zala (since resigned)                           | 3                               |
| 5              | Mr. A. Ramamurthy (appointed w.e.f. 24 April, 2001)      | N.A.                            |

The Committee acts as a link between the Management, External and Internal Auditors and the Board of Directors of the Company. The Committee reviewed an 'Audit Committee Charter' which was approved by the Board of Directors. The Committee has full access to financial data. The Committee is responsible for an overview of the financial reporting process, review of internal audit work, periodic interaction with external auditors and review of quarterly/half yearly and annual financial results prior to approval by the Board. The Committee reviews significant audit issues presented by Internal Audit.

The Committee discussed with the external auditors their audit methodology, audit planning for the year and also ascertained the quality and accuracy of the Company's financial processes and the areas of concern. The Audit Committee also discussed major issues related to internal control, risk management, compliances and financial reporting. The Committee also reviewed the financial statements before they were submitted to the Board.

## (b) Remuneration Committee

The Remuneration Committee of the Board was constituted to recommend to the Board the remuneration package of Executive Directors. The scope of the Committee is to consider the various proposals such as stock options, performance based incentives etc., as and when introduced and setting up of performance criteria for payment of commission to Executive Directors.

The composition of Remuneration Committee is as follows:

| Sr. No. | Members of Remuneration Committee                  |
|---------|--|
| 1       | Mr. K.N. Shenoy (Chairman)                         |
| 2       | Mr. Vijay Karan                                    |
| 3       | Mr. Tommie Bergman (since resigned)                |
| 4       | Mr. Eric Drewery (appointed w.e.f. 24 April, 2001) |

The Remuneration Committee was constituted during the year 2000 and there were no meetings held during the financial year ended 31 December, 2000. The first meeting of the Remuneration Committee was held on 21 February, 2001.

## Remuneration paid to Directors for the financial year 2000

(Rs. in Thousands)

| Sr. No. | Name                 | Sitting Fees (Includes Committee Meetings) | Salary | Commission | Contribution to Provident and other funds | Other perquisites | Total |
|---------|----------------------|--|--------|------------|---|-------------------|-------|
| 1       | Mr. K.N. Shenoy      | 40   | N.A.   | N.A.       | N.A.                                      | N.A.              | 40    |
| 2       | Mr. K.K. Kaura       | N.A.                                       | 1,220  | 610        | 392                                       | 1,249             | 3,471 |
| 3       | Mr. Vijay Karan      | 119  | N.A.   | N.A.       | N.A.                                      | N.A.              | 119   |
| 4       | Mr. J.S. Zala        | 23   | N.A.   | N.A.       | N.A.                                      | N.A.              | 23    |
| 5       | Mr. Sune Karlsson    | 5  | N.A.   | N.A.       | N.A.                                      | N.A.              | 5     |
| 6       | Mr. Tommie Bergman   | 7  | N.A.   | N.A.       | N.A.                                      | N.A.              | 7     |
| 7       | Mr. Aloke Mookherjea | N.A.                                       | 950    | 475        | 300                                       | 1,273             | 2,998 |
| 8       | Mr. Jakob Disch      | Nil  | N.A.   | N.A.       | N.A.                                      | N.A.              | Nil   |
| 9       | Mr. Bo Martin Waern  | Nil  | N.A.   | N.A.       | N.A.                                      | N.A.              | Nil   |

## (c) Transfer and Shareholders / Investors Grievance Committee

The Company's Registrar and Share Transfer Agent, M/s. Tata Consultancy Services (TCS) is fully equipped to carry out transfer of shares and redress investor complaints. The Board of Directors of the Company had delegated the authority to approve transfer of shares to the 'Share Transfer Committee'. The Committee approved the share transfers at its meetings which were held two to three times in a month. The composition and scope of the Transfer Committee was enlarged to monitor investor grievances/complaints along with the share transfers. The Transfer and Shareholders/Investors Grievance Committee also took note of the findings of audit carried out by practicing Company Secretary and implemented the suggestions.

As required by the listing agreement executed with Stock Exchanges, Mr. A.S. Khandwala, Company Secretary, was appointed as a 'Compliance Officer' and entrusted to monitor the share transfer process and liaise with the regulatory authorities.

The composition of Transfer and Shareholders/Investors Grievance Committee is as follows:

| Sr. No. | Members of Transfer and Shareholders/Investor Grievance Committee |  |  |
|---------|---|--|--|
| 1       | Mr. K.N. Shenoy (Chairman)  |  |  |
| 2       | Mr. Vijay Karan   |  |  |
| 3       | Mr. K.K. Kaura  |  |  |

| No. of Transfer Committee Meetings held | No. of pending share transfers | No. of investor complaints received in the year 2000 | Complaints Pending at the end of the year |
|---|--------------------------------|--|---|
| 29                                      | Nil                            | 92   | 3   |

In order to further expedite and streamline procedures and as per the requirements of Corporate Governance, the Board has delegated the authority to approve transfer of shares to the Managing Director of the Company. The existing committee will co-ordinate share transfers, issuance of duplicate share certificates and look into investor grievances/SEBI complaints and other issues concerning shareholders, at regular intervals.

#### (D) General Body Meetings

The Annual General Meetings of the Company (AGMs) have been held at the following places in the last three years.

| For the year | Venue   | Day and date              | Time            |
|--------------|---|---------------------------|-----------------|
| 1999         | Patkar Hall, SNDT Women's University, 1, Nathibai Thackersey Road, Mumbai 400 020 | Tuesday, 2 May, 2000      | 3.00 p.m. (IST) |
| 1998         | Patkar Hall, SNDT Women's University, 1, Nathibai Thackersey Road, Mumbai 400 020 | Wednesday, 21 April, 1999 | 4.00 p.m. (IST) |
| 1997         | Patkar Hall, SNDT Women's University, 1, Nathibai Thackersey Road, Mumbai 400 020 | Tuesday, 21 April, 1998   | 4.00 p.m. (IST) |

#### (E) Disclosures

##### (a) Disclosures on materially significant related party transactions

There were no transactions of material nature with directors which were in potential conflict with interest of the Company at large.

##### (b) Details of Non-Compliance by the Company, penalties, stricture imposed on the Company by the Stock Exchange(s), SEBI or any statutory authorities or any matter related to capital markets

The Company has complied with all the requirements of the Listing Agreement with the Stock Exchange(s) as well as regulations and guidelines of SEBI. No penalties or stricture have been passed on the Company by SEBI, Stock Exchange(s) or any statutory authorities.

#### (F) Means of Communication

##### (a) Financial Results

The quarterly Unaudited Financial Results and Audited Annual Financial Results are published in leading national newspapers, i.e., The Economic Times (English), Maharashtra Times (Marathi) and Mumbai Samachar (Gujarati).



## (b) Other information

The Company has its own web site [www.abb.com/in](http://www.abb.com/in) where other related information is available. The Company also holds press meets/analysts meets to apprise and make public the information relating to the Company's working and future outlook.

## (G) Management's Discussion and Analysis Report

The Management's Discussion and Analysis report, prepared by the Management, forms part of the Annual Report.

## (H) General Shareholder's Information

### (a) Annual General Meeting

|                    |   |
|--------------------|---|
| Day, date and time | Wednesday, 27 June, 2001<br>At 3.00 p.m. (IST)  |
| Venue              | Y.B. Chavan Centre<br>General Jagannath Bhosale Marg<br>(Near Mantralaya)<br>Mumbai 400 021   |
| Agenda             | 1) Adoption of Audited Accounts<br>2) Declaration of Dividend<br>3) Re-appointment of Directors<br>4) Re-appointment of Auditors<br>5) Re-appointment of Additional Directors |

### (b) The profile of Director retiring by rotation/Additional Directors eligible for Re-appointment.

#### Director Retiring by Rotation

##### Mr. K.N. Shenoy

Mr. K.N. Shenoy, 69, is a graduate in Electrical Engineering from Banaras Hindu University. He has done his Business Management at IMD (earlier IMEDE) Lausanne. He is also a Fellow of the Institution of Engineers (India) and National Academy of Engineers. He started his career with 'Brown Boveri Engineering Division' of Voltas Limited. He joined Hindustan Brown Boveri Limited in 1962 and worked in various capacities as Senior Engineer, Chief Engineer, General Manager and rose to the position of Managing Director of Hindustan Brown Boveri Limited w.e.f. 1 May, 1974 and subsequent to merger between the Company and Asea Limited, he continued as the Managing Director of the merged Company Asea Brown Boveri Limited. From 2 September, 1994 he was Executive Chairman and from 1 September, 1996 as Chairman, Asea Brown Boveri Limited.

He is a past National President of CII and President of many professional and management bodies and is presently a member on a number of governmental and developmental bodies/groups such as Governing Board of Indian Institute of Management, Expert Group on Railways etc. Directorships held in other Companies are :

1. ABB Holdings (South Asia) Limited (Chairman)
2. Volvo India Private Limited (Vice Chairman)
3. Carborandum Universal Limited
4. GVK Industries Limited
5. Sobis Software (India) Pvt. Ltd.

#### Re-appointment of Additional Director

##### Mr. Sune Karlsson

Mr. Sune Karlsson, 55, has done his M. Sc. in Mechanical Engineering. He has a distinguished service of over 28 years in the ABB Group. He has been in charge of Transmission and Distribution segment and has served as a Global Business Area Manager and as member of Executive Committee of ABB, Germany.

### **Mr. Eric Drewery**

Mr. Eric Drewery, 61, was educated at University of Manchester Institute of Science and Technology and Harvard Business School. He began his career in 1964 with Mather & Platt Limited, Manchester, UK. Subsequently, he was posted to Canada and United States where he held various positions in engineering and marketing. In 1978 he rose to the position of Managing Director of Mather & Platt Limited. In 1982 he took over as Managing Director of Asea Limited, London, UK. During 1986-88 he held the position of Managing Director of Asea Holding Ltd., London, UK. From 1988 to 2000 he was designated as Country Manager of ABB, UK. From 1 January, 2001 he has been appointed as 'Head of Group Transformation' and 'Member of Group Executive Committee of ABB Ltd.', Zurich, Switzerland.

### **Mr. A. Ramamurthy**

Mr. A Ramamurthy, 58, did his post graduation in Statistics. He joined Life Insurance Corporation of India, as a direct recruit officer in 1965. His tenure saw him taking various positions in the organisation and in 1995 he was promoted as Chief of Management Services. He was elevated to cadre of Executive Director in 1997 and was in-charge of the Information Technology Department till he took over as Managing Director of Life Insurance Corporation of India in November, 2000.

He has attended a number of management courses in India and abroad. He takes keen interest in analytical interpretation of economic data and in updating himself with the latest developments in information technology. Directorships held in other Companies are :

1. LIC (Intl.), E.C. Bahrain (Vice Chairman)
2. Jeevan Bima Sahayog Asset Management Co. Limited (Chairman)
3. Bajaj Hindustan Limited
4. Tinsplate Company of India Limited

### **(c) Financial Calendar**

Calendar of events for the year 2001 (January – December) excluding Extra Ordinary General Body Meetings, if any, is as under:

|                                    |                                |
|------------------------------------|--------------------------------|
| Fourth Quarter (Year 2000) results | 21 February, 2001              |
| First Quarter results              | 24 April, 2001                 |
| Annual General Meeting             | 27 June, 2001                  |
| Second Quarter results             | End July, 2001 (indicative)    |
| Third Quarter results              | End October, 2001 (indicative) |

### **(d) Book Closure**

|  |   |
|--|---|
| The Company's Register of Members and Share Transfer books will remain closed for the purpose of dividend on the following days. | Friday, 1 June, 2001 to Friday, 15 June, 2001 (both days inclusive) |
|--|---|

### **(e) Dividend**

The dividend recommended by Directors, on approval at the Annual General Meeting will be paid to those shareholders whose names appear on Company's Register of Members as on 15 June, 2001.

**(f) Listing on Stock Exchanges**

|   |   |
|---|---|
| <p><b>The Company's equity shares are listed on the following stock exchanges located at:</b></p> <ul style="list-style-type: none"> <li>• Mumbai (BSE and NSE)</li> <li>• Ahmedabad</li> <li>• New Delhi</li> <li>• Kolkata</li> </ul> <p>(Listing fees have been paid till date on all the above Stock Exchanges)</p> | <p><b>Address of the Stock Exchanges:</b></p> <p>The Stock Exchange, Mumbai (BSE)<br/>P.J. Towers<br/>Dalal Street<br/>Mumbai 400 001</p> <p>National Stock Exchange of India Ltd., (NSE)<br/>Trade World, Kamala Mills Compound<br/>Senapati Bapat Marg, Lower Parel<br/>Mumbai 400 013</p> <p>The Stock Exchange – Ahmedabad<br/>Kamdhenu Complex<br/>Near Polytechnic, Panjara Pole<br/>Ahmedabad 380 015</p> <p>Delhi Stock Exchange Association Ltd.,<br/>DSE House<br/>3/1, Asaf Ali Road<br/>New Delhi 110 002</p> <p>The Calcutta Stock Exchange Association Ltd.,<br/>7, Lyons Range<br/>Kolkata 700 001</p> |
| The Stock Code of the Company is  | BSE 002<br>NSE ABB  |
| The ISIN Nos. for Company's Shares in Demat   | INE 117A 01014  |

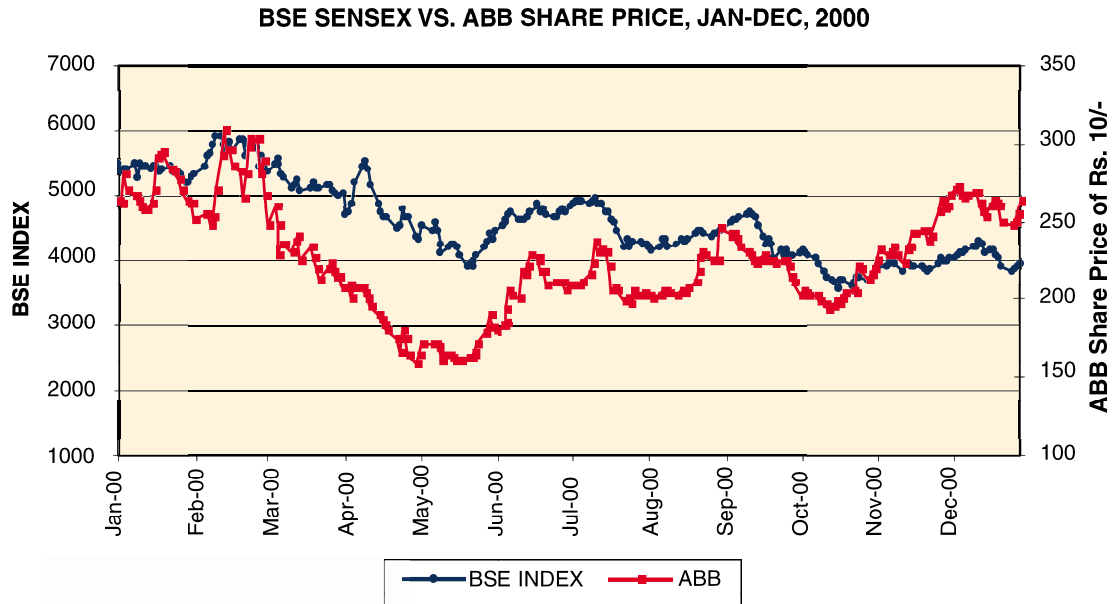
**(g) Market Price Data**

- (1) The market price and volume of the Company's shares traded in major stock exchange(s) during the year 2000 was as follows:

| Year 2000 | BSE           |              | NSE           |              | Volume        |               |
|-----------|---------------|--------------|---------------|--------------|---------------|---------------|
|           | High<br>(Rs.) | Low<br>(Rs.) | High<br>(Rs.) | Low<br>(Rs.) | BSE<br>(Nos.) | NSE<br>(Nos.) |
| January   | 309.70        | 252.00       | 311.00        | 250.00       | 744385        | 665912        |
| February  | 319.70        | 245.10       | 327.00        | 247.00       | 1715227       | 1467518       |
| March     | 293.30        | 211.50       | 300.00        | 213.00       | 739491        | 688248        |
| April     | 220.00        | 161.05       | 222.50        | 160.00       | 780037        | 716953        |
| May       | 193.00        | 153.00       | 191.80        | 146.30       | 375979        | 342152        |
| June      | 236.00        | 179.00       | 235.00        | 177.00       | 854213        | 857747        |
| July      | 244.90        | 196.10       | 247.00        | 195.00       | 934195        | 648743        |
| August    | 248.00        | 198.00       | 249.00        | 198.10       | 466992        | 361544        |
| September | 248.00        | 209.50       | 250.00        | 209.10       | 343939        | 289856        |
| October   | 227.50        | 192.00       | 225.00        | 192.00       | 224455        | 202234        |
| November  | 266.00        | 216.00       | 267.45        | 216.00       | 743669        | 664630        |
| December  | 275.00        | 245.00       | 279.00        | 240.00       | 672174        | 661299        |

- (2) The market capitalisation of the Company's shares based on average of High and Low share prices as on 29 December, 2000 (last market day of the year) was Rs.10,769 million on the Stock Exchange, Mumbai (BSE) and Rs.10,748 million on the National Stock Exchange (NSE).

(3) Performance in comparison with Broad Indices.



**(h) Shareholding Pattern (as on 24 April, 2001)**

| Sr. No. | Shareholders  | No. of shares | %      |
|---------|---|---------------|--------|
| 1       | ABB Asea Brown Boveri Ltd., Zurich & ABB Flakt AB, Sweden | 21,120,738    | 50.99  |
| 2       | Non-Resident Individuals / OCBs                           | 41,416        | 0.11   |
| 3       | Directors and their relatives                             | 4,285         | 0.01   |
| 4       | LIC / UTI / Other Insurance Cos.                          | 9,110,230     | 22.00  |
| 5       | Nationalised Banks / Other banks                          | 53,628        | 0.13   |
| 6       | Mutual Funds  | 1,367,250     | 3.30   |
| 7       | Foreign Institutional Investors                           | 1,391,528     | 3.36   |
| 8       | General Public  | 8,329,281     | 20.10  |
|         | Total   | 41,418,356    | 100.00 |

**(i) Distribution of Shareholding (as on 24 April, 2001)**

| No. of equity shares<br>(Range) | No. of shareholders |            | No. of shares |            | % of share capital |            |
|---------------------------------|---------------------|------------|---------------|------------|--------------------|------------|
|                                 | Physical Form       | Demat Form | Physical Form | Demat Form | Physical Form      | Demat Form |
| 1-1000                          | 26,848              | 21,842     | 2,751,611     | 3,204,853  | 6.64               | 7.75       |
| 1001-5000                       | 267                 | 498        | 459,845       | 909,139    | 1.11               | 2.20       |
| 5001-10000                      | 15                  | 22         | 102,823       | 140,507    | 0.25               | 0.34       |
| 10001-50000                     | 5                   | 35         | 124,138       | 937,032    | 0.30               | 2.26       |
| 50001-100000                    | 1                   | 10         | 97,216        | 723,736    | 0.23               | 1.75       |
| 100001-1000000                  | 0                   | 12         | 0             | 4,520,522  | 0.00               | 10.91      |
| 1000001 & Above                 | 6                   | 2          | 21,120,738    | 6,326,196  | 50.99              | 15.27      |
|                                 | 27,142              | 22,421     | 24,656,371    | 16,761,985 | 59.52              | 40.48      |
| Total                           | 49,563              |            | 41,418,356    |            | 100                |            |

**(j) Share Transfer Process**

The Company's shares being in compulsory demat list are transferable through the depository system. Shares in physical form are processed by the Registrar and Transfer Agent (TCS) and approved by the 'Transfer and Shareholders/Investors Grievance Committee'. With effect from April, 2001, the authority to approve share transfers have been delegated to the Managing Director of the Company. This is to further streamline procedures.

**(k) Dematerialisation of Shares**

The Company had signed a tripartite agreement with National Securities Depository Limited (NSDL) on 5 November, 1997 and with Central Depository Services Ltd., (CDSL) on 22 October, 1999 to provide trading of shares in dematerialised form.

As mandated by SEBI, trading in shares of the Company through the Stock Exchanges has compulsorily to be in dematerialised form for all investors with effect from 15 February, 1999.

As on date, 16,761,985 equity shares have been dematerialised, representing 40.48% of the total shares.

**(l) Outstanding GDR/ADR or Warrants**

There are no GDR, ADR issued or any convertible instruments pending conversion or any other instrument likely to impact the equity share capital of the Company.

**(m) Compliance with Non Mandatory Requirements.**

The Board has already formed a Remuneration Committee. Other non-mandatory requirements are yet to be adopted.

**(n) Offices and Manufacturing Locations**

**(1) Registered Office:**

Plot No. 22A, Shah Industrial Estate,  
1st Floor, Off Veera Desai Road,  
Andheri (West), Mumbai 400 053.  
Phone : 022 – 6394254 /6394256  
Fax : 022 – 6394255

**Mumbai**

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

**(2) Corporate Office:**

15-16 Qutab Institutional Area,  
Guru Nanak Foundation Building,  
New Delhi 110 067.  
Phone : 011 – 6515966/6514852  
Fax : 011 – 6851723

**Nashik**

Plot No.79, Street No.17,  
MIDC Industrial Area,  
Satpur, Nashik 422 007  
Gujarat

**(3) Manufacturing Locations:**

**Bangalore**

Nos. 5 & 6, Peenya Industrial Estate,  
Phase II, Bangalore 560 058  
Karnataka

**Vadodara**

Maneja,  
Vadodara 390 013  
Gujarat

**Kolkata**

P.O. & Villa Jalkhura,  
Budge Budge Trunk Road,  
Maheshtala,  
Dist. South 24 Parganas,  
West Bengal 743 352

**Faridabad**

32, Industrial Area,  
Faridabad 121 001  
Haryana

**Chennai**

Village Numbal,  
110, Poonamalle High Road,  
Chennai 600 077

**(o) Address for Correspondence**

**(i) Registrar and Transfer Agent:**

**(For share transfer, dividend related queries)**

Tata Consultancy Services,  
(Unit: Asea Brown Boveri Limited)  
Lotus House, 6, New Marine Lines,  
Sir Vithaldas Thackersey Marg,  
Mumbai 400 020.  
Phone : 022 – 2039136  
Fax : 022 – 2016689

**(ii) Company:**

**(For any other matter, unresolved complaints)**

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

Contact person : Mr. A.S. Khandwala  
Company Secretary &  
Compliance Officer  
Phone : 022 – 6394254 /6394256  
Fax : 022 – 6394255  
E-mail : aashay.khandwala@in.abb.com

**(iii) Corporate Website: [www.abb.com/in](http://www.abb.com/in)**

For and on behalf of the  
Board of Directors

K. N. Shenoy  
Chairman

Bangalore  
24 April, 2001

## **Annexure - E to Directors' Report 2000**

### **Auditors' Certificate on compliance of conditions of corporate governance per clause 49 of the Listing Agreement with the stock exchanges.**

To

The Board of Directors  
Asea Brown Boveri Limited

We have examined the relevant records of Asea Brown Boveri Limited ("the Company") in respect of the year ended 31 December 2000, relating to compliance with the requirements of corporate governance as contained in clause 49 of the Listing Agreement of the Company with the Stock Exchanges on which the shares of the Company are listed. This being the first year of implementation of these requirements, the Company has implemented the same progressively during the course of the year. In our opinion, and to the best of our knowledge and according to the information and explanations given to us, the Company has complied with the mandatory requirements contained in the aforesaid clause 49 to the extent applicable, and in the manner as stated in the report on corporate governance.

For Bharat S Raut & Co.  
Chartered Accountants

Bangalore  
24 April, 2001

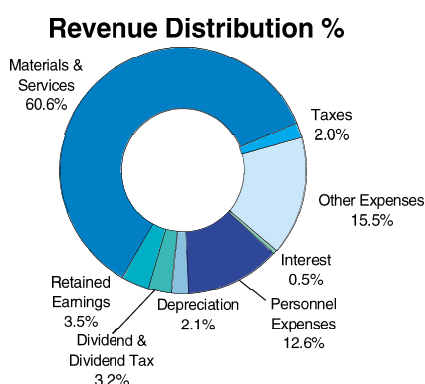
Pradip Kanakia  
Partner

# Management's Discussion and Analysis

## Operating Results of the Company

With effect from 1 April, 1999 Company's power generation business was demerged and transferred to POWERCO. For the purpose of proper comparative analysis, operations pertaining to power generation accounted for the first three months of 1999 have been excluded from the figures herein.

Despite the difficult economic and competitive environment, the Company was able to secure increased orders in all segments. Total orders received during the year at Rs.11,277 million were 52% higher compared to previous year. This was achieved across various segments due to focussed initiatives in the areas of exports, service business and standard products marketing and specific large project orders.



Sales and other income for the year at Rs.8,068 million was nominally higher by 5% compared to previous year. This was due to lower order backlog at the beginning of the year and customers' inability to take deliveries.

Profit before taxation was Rs.705 million (previous year Rs.598 million) and as % of sales, an improvement of 1% over previous year. Cost of material and erection services, personnel expenses, other expenses and interest expenses were lower as a percentage to sales compared to previous year. Depreciation was higher by Rs.22 million mainly due to full year's impact reflected in the year 2000 for the greenfield Transformer factory capitalised in the third quarter of 1999.

Profit after taxation was Rs.540 million compared to Rs.418 million in the previous year. The provision for taxation was lower at 23.4% of profit before taxation compared to 30.1% in the previous year due to retrospective amendment during the year to Section 43 (6) of the Income-tax Act, 1961, relating to the fixed assets transferred on demerger.

Earnings per share was Rs.13.04 compared to Rs.10.09 in the previous year.

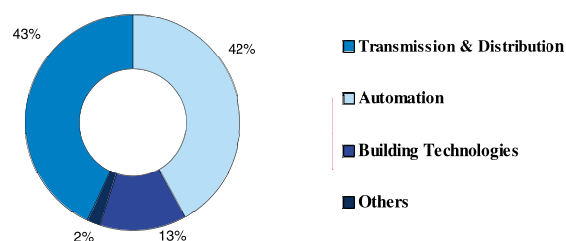
## Outlook for the Company

In spite of recent indicators of slow-down of economy, the Company is confident that the market in its areas of operation will continue to develop gradually, though at a slower pace than expected. The corporatisation of state electricity boards and the funding by the multilateral agencies will trigger investments in the Transmission and Distribution sector. The need for enhancing competitiveness because of the globalisation process will drive the need for enhancing productivity, yield and efficiency in the industry. The Company's growth strategy is based on the following key elements:

1. New customer-centric organisation
2. Managing for value
3. Expansion in new growth areas and thrust in exports, services, etc.
4. Broadening of industrial IT offering.

## Business Segment Analysis

The Company's business is organised around the three major segments, which are also aligned to ABB Group's business segments. The relative revenue distribution is as under.



## Power Transmission and Distribution

The summarised performance of the segment is as under.

|                 | (Rs. in Millions) |       |
|-----------------|-------------------|-------|
|                 | 2000              | 1999  |
| Orders Received | <b>6,198</b>      | 3,039 |
| Order Backlog   | <b>4,020</b>      | 1,920 |
| Revenues        | <b>3,692</b>      | 2,825 |

The segment scope includes HV and MV switchgears, HV and MV substations, power and traction transformers and power capacitors supplied to utilities and industrial customers.

The orders received in the year 2000 were higher by 103%. The strategies adopted for the traditional business included operational excellence, strategic market focus, new products and range expansions. In new markets, orders were secured in the areas of privatisation of power distribution, services and exports. Exports to new countries and being the supplier of 72.5kV breakers to all ABB Group Companies



helped in increasing the export orders. A focus on the service business, both retrofit and spares provided excellent growth. During the year the segment introduced 50 kA, 400 kV circuit breakers and 11 kV outdoor vacuum circuit breakers. There had been significant growth in order receipt for power transformers, the commercial production for which commenced in later part of the last year.

The major orders received included 132/220 kV substation package from West Bengal State Electricity Board, integrated district power system improvement from Maharashtra State Electricity Board, revamp and installation of substation equipment from Nagarjuna Construction for APTRANSCO and turnkey electrification package for the rail corridor for Delhi Metro Rail Corporation Ltd.

The revenues were 31% higher. Due to the competitive market environment and changes in product mix, margins were lower. The segment continues to be negatively affected by the poor financial health of state electricity boards, slow pace of reforms and lack of satisfactory security mechanism for the investors. Lower than expected demand growth for power, entry of new suppliers, lower import tariff, under utilised capacities and delay in receipt of payments from electricity boards continue to effect profitability. The segment has planned for business growth in the competitive environment through operational improvement, optimal cost structure, new products and exports.

The future of the segment is linked to the power sector reforms. The bill for privatisation of Transmission and Distribution has been passed. Un-bundling of a few state electricity boards and formation of Central/State Electricity Regulatory Commission has already taken place. The improvement in the quality of the transmission and distribution system towards reducing the currently high losses is being pursued. The segment expects to see increased business opportunities from the distribution sector. The revival of funding by the multilateral agencies will increase the business prospects.

The segment has a good order backlog position and is expecting significant growth in revenues in the year 2001.

#### Automation

The summarised performance of the segment is as under.

|                 | (Rs. in Millions) |       |
|-----------------|-------------------|-------|
|                 | 2000              | 1999  |
| Orders Received | 4,836             | 3,802 |
| Order Backlog   | 3,214             | 1,982 |
| Revenues        | 3,592             | 4,037 |

The segment scope includes automation solutions, equipment supply for control and plant performance optimisation for process industries, drives, electric motors, high current rectifiers, distribution relays, electric meters, turbochargers, power network protection and communication systems etc. Customers for the segment include utilities, process industries like refineries, petroleum, chemical and consumer industries, steel/cement plants, pulp and paper industries, railways, system integrators and dealers.

Although the segment saw no real improvement in market conditions during the year, it was able to increase order receipt by 27% primarily due to booking of some large project orders and increase in orders for standard products and services.

Important orders booked by the segment include high current rectifiers for the new pot lines at Renukoot from HINDALCO, electrics, automation and optimisation packages from Chettinad Cements, upgradation of automation and processes for two plants to improve the quality of paper produced from Hindustan Paper Corporation, DCS, Controls and Instrumentation from NTPC for Talcher project, 400kV protection system and PLCC and Fibre optic communication from APTRANSCO, PLCC equipment from PGCIL and Electric Meters from BEST.

Some of the highlights for the year include commissioning of SCADA system supplied by the segment for Chennai city, launching of web-enabled energy metres which will help in reduction of theft and improvement in operational efficiency, launching of next generation of automation products and systems, which are expected to revolutionalise manufacturing plants by integrating layers of information from field sensors to enterprise management system and establishment of video conferencing system at Bangalore plant.

Due to lower order backlog in the beginning of the year, revenues for the segment were lower by 11% compared to previous year. In spite of lower revenues, segment was able to improve the margin.

The future of the segment is mainly dependent upon general industrial growth and investments in certain process industries for capacity additions and efficiency improvements through automation and tailored innovative IT solutions. The segment has a good order backlog position and is poised for increased revenues in the year 2001.

## Building Technologies

The summarised performance of the segment is as under.

|                 | (Rs. in Millions) |       |
|-----------------|-------------------|-------|
|                 | 2000              | 1999  |
| Orders Received | 962               | 911   |
| Order Backlog   | 284               | 439   |
| Revenues        | 1,117             | 1,042 |

All the business areas in the segment had improved operational efficiencies leading to enhanced profitability and increased cash flow.

The low voltage apparatus business has significantly increased the supplies of ACBs, MCCBs and control gears with state-of-the-art technical features in the domestic market. The products were also exported to Europe. The unviable low voltage systems business was discontinued during the year. This had adverse effect on segment's volume and earnings for the year.

The industrial fan business had significantly high orders receipt and revenues during the year. The business from retrofit and upgrades of fans was higher during the year which helped the customers to reduce the energy costs with new range of efficient process fans. The new cellular manufacturing set up at Kolkata led to increased productivity and reduction in delivery time to customers.

The industrial contracting business was successful in booking two large orders from NTPC for Talcher super thermal power plant and the first clean room technology and a facility contract for a pharmaceutical formulation plant.

The segment is expected to have positive growth in the coming years.

## Finance

Net cash position (cash and bank balances less loan funds) at the end of the year 2000 was a positive Rs.128 million. The Company had comfortable debt equity ratio of 0.04:1. During the year cash management system was introduced through which all the bank accounts of factories and offices of the Company were electronically networked. This has helped in significantly eliminating fund float, better treasury management and reduction in cost of borrowing. To minimise cost of borrowings, optimal use of various short-term finance products available in the market was made. The Company enjoys P1+ rating for its commercial paper programme.

## Human Resources

The Company's human resource philosophy is to align employees to organisational goals and to motivate and empower them to respond effectively to the customers' need. Employees are given opportunities to use and expand their skills, knowledge and creative potential. The Company encourages personal initiative and entrepreneurial behaviour and seeks to offer challenging and rewarding work environment.

HR initiatives during the year included establishment of performance management system to identify financial and customer objectives that are critical to attaining the Company's goals and the specific behaviours that are needed from each management staff to achieve these objectives. It also establishes metrics that measures behaviour and a set of key performance indicators for each employee. In addition the system identifies development needs of the employees to enhance their performance. During the year position evaluation system was introduced to evaluate organisation position and was linked to the compensation system considering position, performance and competency of the individual employee.

The Company had 3,356 employees at the end of 2000. As in the past, industrial relations continued to remain cordial at all the locations of the Company.

## Internal Control System

The Company has an adequate system of internal controls to ensure optimal use of Company's resources and protection thereof, accurate and speedy compilation of accounts and management information reports and to compliance with laws and regulations. The Company has an exhaustive budgetary control system and actual performance is reviewed with reference to budgets monthly by the management. The Company has well defined organisation structure, authority levels and internal guidelines and rules for conducting business transactions. Company's internal audit department conducts audit to ensure adequacy of internal control system, adherence to management instructions and policies and compliance with laws and regulations of the country and to suggest improvements thereof.

Audit plans, internal audit reports, significant risk areas and adequacy of internal controls are also periodically presented to the Audit Committee of the Board of Directors for review.

# Auditors' Report to the Members of Asea Brown Boveri Limited

We have audited the attached balance sheet of Asea Brown Boveri Limited (the Company) as at 31 December 2000 and the profit and loss account of the Company for the year ended on that date, annexed thereto, and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
  - c) the balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the balance sheet and profit and loss account dealt with by this report have been prepared in compliance with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
  - e) on the basis of the written representation received from the directors of the Company as at 31 December 2000 and taken on record by the Board of Directors, we report that no director is disqualified from being appointed as a director of the Company under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
  - f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act, 1956, in a manner so required and give a true and fair view:
    - i. in the case of the balance sheet, of the state of affairs of the Company at 31 December 2000; and
    - ii. in the case of the profit and loss account, of the profit for the year ended on that date.

For Bharat S Raut & Co.  
Chartered Accountants

Pradip Kanakia  
Partner

Bangalore  
21 February, 2001

## **Annexure referred to in paragraph 1 of our report of even date to the members of Asea Brown Boveri Limited (the Company).**

### *Internal controls*

1. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, spares, raw materials including components, plant and machinery, equipment, other assets and for the sale of goods.
2. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
3. In our opinion, for its service activities, the Company has, commensurate with the size and nature of its business, a reasonable system of:
  - a) recording receipts, issues and consumption of materials and stores and allocating materials consumed to each project ;
  - b) allocating man-hours utilised to each project; and
  - c) authorisation and control over the issue of stores and allocating stores and labour costs to each project.

### *Fixed assets*

4. The Company has maintained proper records of fixed assets showing full particulars including quantitative details and location. The Company has a regular programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were physically verified by Management during the year and no material discrepancies were noticed on such verification.
5. None of the fixed assets have been revalued during the year.

### *Inventories*

6. The stocks of finished goods, stores and maintenance spares, components and raw

materials have been physically verified by Management during the year. In respect of stocks lying with third parties, confirmation for most of the stocks held has been received. In our opinion, the frequency of such verification is reasonable.

7. The procedures for the physical verification of stocks followed by Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
8. The discrepancies identified on such verification between physical stocks and the book records were not material and were properly dealt with in the books of account.
9. On the basis of our examination of the stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the previous year except that the Company has included excise duty on finished goods not cleared from the factory premises to comply with the revised guidance note on "Accounting Treatment for Excise Duty" issued by the Institute of Chartered Accountants of India.
10. The Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials, finished goods and traded goods and adequate provision has been made in the accounts for the loss arising on the items so determined.
11. In our opinion, reasonable records are maintained by the Company for the sale and disposal of realisable scrap. The Company has no realisable by-products.
12. We have carried out a limited review of the books of account and cost records maintained by the Company, pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, in respect of electric motors at the Company's Faridabad unit, and are of the opinion that, prima facie, the prescribed

accounts and records have been maintained. We have, not, however, made a detailed examination of the said records with a view to determine whether they are accurate or complete.

#### *Loans and advances*

13. We are informed that the Company has not taken/granted any loans, secured or unsecured, from/to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, or companies under the same management as defined under Section 370 (1-B) of the Companies Act, 1956.
14. The parties to whom loans or advances in the nature of loans were given by the Company are regular in repaying the principal amounts as stipulated and interest where applicable.

#### *Related parties*

15. In our opinion, and according to the information and explanations given to us and having regard to the fact that some of the items purchased are of a special nature and suitable alternative sources do not exist for obtaining comparative quotations, the transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs 50,000 or more in respect of each party, were made at prices which are reasonable having regard to prevailing market prices as available with the Company for such goods, materials or services or the prices at which transactions for similar goods or services were made with other parties.

#### *Fixed deposits*

16. In our opinion, and according to the information and explanations given to us,

the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.

#### *Staff welfare*

17. Provident Fund and Employees' State Insurance dues were generally regularly deposited, during the year, with the appropriate authorities.
18. According to the information and explanations given to us and the records of the Company examined by us, no personal expenses have been charged to the revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.

#### *Taxation*

19. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty which are outstanding as at 31 December 2000 for a period of more than six months from the date they became payable.

#### *Others*

20. The Company is not a sick industrial company within meaning of Section 3 (1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985.

For Bharat S Raut & Co.  
Chartered Accountants

Pradip Kanakia  
Partner

Bangalore  
21 February, 2001

# Balance Sheet

| As at 31 December 2000 (Rs in Thousands)                     | Schedule | 2000             | 1999             |
|--|----------|------------------|------------------|
| <b>Sources of Funds</b>                                      |          |                  |                  |
| 1. Shareholders' Funds                                       |          |                  |                  |
| (a) Share Capital  | 1        | 414,184          | 414,184          |
| (b) Reserves and Surplus                                     | 2        | <u>3,555,349</u> | <u>3,271,324</u> |
| <b>Total</b>   |          | <b>3,969,533</b> | <b>3,685,508</b> |
| 2. Loan Funds  |          |                  |                  |
| (a) Secured Loans  | 3        | 114,972          | 76,536           |
| (b) Unsecured Loans  | 4        | <u>50,631</u>    | <u>339,743</u>   |
| <b>Total</b>   |          | <b>165,603</b>   | <b>416,279</b>   |
| <b>Total</b>   |          | <b>4,135,136</b> | <b>4,101,787</b> |
| <b>Application of Funds</b>                                  |          |                  |                  |
| 3. Fixed Assets  | 5        |                  |                  |
| (a) Gross Block  |          | 2,554,438        | 2,365,628        |
| (b) Less: Depreciation                                       |          | <u>1,137,993</u> | <u>986,965</u>   |
| (c) Net Block  |          | 1,416,445        | 1,378,663        |
| (d) Capital work in progress and Advances on Capital Account |          | <u>11,930</u>    | <u>52,069</u>    |
|  |          | <b>1,428,375</b> | <b>1,430,732</b> |
| 4. Investments   | 6        | 104,821          | 114,830          |
| 5. Current Assets, Loans and Advances                        |          |                  |                  |
| (a) Inventories  | 7        | 1,128,826        | 927,994          |
| (b) Sundry Debtors   | 8        | 4,190,031        | 3,713,991        |
| (c) Cash and Bank Balances                                   | 9        | 293,654          | 547,913          |
| (d) Loans and Advances                                       | 10       | <u>760,709</u>   | <u>667,650</u>   |
|  |          | <b>6,373,220</b> | <b>5,857,548</b> |
| 6. Less: Current Liabilities and Provisions                  |          |                  |                  |
| (a) Current Liabilities                                      | 11       | 3,512,140        | 3,066,206        |
| (b) Provisions   | 12       | <u>259,140</u>   | <u>235,117</u>   |
|  |          | <b>3,771,280</b> | <b>3,301,323</b> |
| 7. Net Current Assets  |          | <u>2,601,940</u> | <u>2,556,225</u> |
| <b>Total</b>   |          | <b>4,135,136</b> | <b>4,101,787</b> |
| 8. Notes to the Accounts                                     | 17       |                  |                  |

Per our report attached  
For Bharat S Raut & Co.  
Chartered Accountants

Pradip Kanakia  
Partner

Bangalore, 21 February, 2001

For and on behalf of the Board

K.N. Shenoy  
K.K. Kaura  
Vijay Karan

Chairman  
Managing Director  
Director

John A. Clarke

Chief Financial Officer

A.S. Khandwala

Company Secretary

Mumbai, 21 February, 2001

# Profit and Loss Account

For the year ended

31 December 2000 (Rs in Thousands)

|  | Schedule | 2000                  | 1999             |
|--|----------|-----------------------|------------------|
| <b>Income</b>  |          |                       |                  |
| Sales and Services   | 13       | 7,932,778             | 7,758,026        |
| Other Income   | 14       | 135,712               | 175,511          |
|  |          | <u>8,068,490</u>      | <u>7,933,537</u> |
| <b>Expenditure</b>   |          |                       |                  |
| Cost of Materials and Erection Services  |          | 4,886,758             | 4,857,874        |
| Personnel Expenses   | 15       | 1,019,397             | 1,049,083        |
| Other Expenses   | 16       | 1,250,526             | 1,275,351        |
| Depreciation   |          | 169,803               | 160,227          |
| Less: Transfer from Revaluation Reserve  |          | <u>2,195</u>          | <u>2,195</u>     |
|  |          | 167,608               | 158,032          |
| Interest   |          | <u>39,086</u>         | <u>61,241</u>    |
|  |          | <u>7,363,375</u>      | <u>7,401,581</u> |
| <b>Profit Before Taxation</b>  |          | <b>705,115</b>        | 531,956          |
| Provision for Taxation (after adjusting Rs Nil, 1999 -<br>Rs 5,100 thousand short provision in respect of earlier years) |          | <u>165,000</u>        | <u>160,000</u>   |
| <b>Profit After Taxation</b>   |          | <b>540,115</b>        | 371,956          |
| Transfer to :  |          |                       |                  |
| Foreign Projects Reserve Account   |          | 22,000                | 34,900           |
| Balance Brought Forward  |          | <u>245,686</u>        | <u>200,573</u>   |
| <b>Amount available for appropriation</b>  |          | <u><b>763,801</b></u> | <u>537,629</u>   |
| <b>Appropriations</b>  |          |                       |                  |
| General Reserve  |          | 260,000               | 60,000           |
| Proposed Dividend  |          | 207,092               | 207,092          |
| Corporate Dividend Tax thereon   |          | 46,803                | 22,780           |
| Surcharge on Corporate Dividend Tax (1998 Dividend)  |          | —                     | 2,071            |
| Balance Carried Forward  |          | <u>249,906</u>        | <u>245,686</u>   |
|  |          | <u><b>763,801</b></u> | <u>537,629</u>   |
| Notes to the Accounts  | 17       |                       |                  |

Per our report attached  
For Bharat S Raut & Co.  
Chartered Accountants

Pradip Kanakia  
Partner

Bangalore, 21 February, 2001

For and on behalf of the Board

K.N. Shenoy  
K.K. Kaura  
Vijay Karan

John A. Clarke

A.S. Khandwala

Mumbai, 21 February, 2001

Chairman  
Managing Director  
Director

Chief Financial Officer

Company Secretary

As at 31 December 2000 (Rs in Thousands) 2000 1999

### Schedule 1 - Share Capital

#### Authorised

50,000,000 Equity Shares of Rs 10 each 500,000 500,000

#### Issued, Subscribed and Paid Up

41,418,356 Equity Shares of Rs 10 each 414,184 414,184

#### Notes:

- 1 Pursuant to the Scheme of Amalgamation of the erstwhile Asea Limited with the Company, 4,585,590 equity shares of Rs 10 each were issued at par to the shareholders of the erstwhile Asea Limited.
- 2 Pursuant to the Scheme of Amalgamation of the erstwhile Flakt India Limited with the Company, 3,688,196 equity shares of Rs 10 each were issued at par to the shareholders of the erstwhile Flakt India Limited.
- 3 In terms of the Scheme of compromise between the Company and its preference/equity shareholders, 200,000 equity shares of Rs 10 each were issued at a premium of Rs 10 each on cancellation of 40,000 - 8.57% cumulative preference shares of Rs 100 each.
- 4 8,443,893 equity shares were issued as bonus shares by capitalisation of general reserve.
- 5 10,354,589 equity shares were issued as bonus shares by capitalisation of share premium.
- 6 18,612,672 equity shares are held by ABB Asea Brown Boveri Limited, Zurich, (Switzerland), the Holding Company and 2,508,066 equity shares by ABB Flakt AB, Sweden, a subsidiary of the Holding Company.

### Schedule 2 - Reserves and Surplus

#### Capital Reserve Account :

Per last Balance Sheet 9,171 9,171

#### Revaluation Reserve :

Per last Balance Sheet 79,153 83,310

Less: Transfer

On assets transferred — 1,962

To Profit and Loss Account 2,195 2,195

**76,958 79,153**

#### Share Premium Account :

Per last Balance Sheet 552,174 552,174

#### Investment Allowance (Utilised) Reserve (Asea) Account :

Per last Balance Sheet — 2,750

Less: Transferred to General Reserve — 2,750

**— —**

#### Foreign Projects Reserve Account :

Per last Balance Sheet 58,000 29,600

Add: Transferred from Profit and Loss Account 22,000 34,900

Less: Transferred to General Reserve 3,500 6,500

**76,500 58,000**

#### Debenture Redemption Reserve Account:

Per last Balance Sheet 21,012 25,000

Less: Transferred to POWERCO — 3,988

Transferred to General Reserve 21,012 —

**— 21,012**

Carried forward **714,803 719,510**



As at 31 December 2000 (Rs in Thousands)

2000

1999

**Schedule 2 - Reserves and Surplus (Contd.)**

|   |                  |                  |           |
|---|------------------|------------------|-----------|
| Brought forward   |                  | <b>714,803</b>   | 719,510   |
| <b>General Reserve :</b>  |                  |                  |           |
| Per last Balance Sheet  | <b>2,306,128</b> |                  | 3,279,744 |
| Add: Transferred from Investment Allowance<br>(Utilised) Reserve (Asea) Account | —                |                  | 2,750     |
| Transferred from Debenture Redemption<br>Reserve Account                        | <b>21,012</b>    |                  | —         |
| Transferred from Foreign Projects<br>Reserve Account                            | <b>3,500</b>     |                  | 6,500     |
| Transferred from Profit and Loss Account  | <b>260,000</b>   |                  | 60,000    |
| Less: Transferred to POWERCO  | —                |                  | 1,042,866 |
|   |                  | <b>2,590,640</b> | 2,306,128 |
| <b>Profit and Loss Account :</b>  |                  |                  |           |
| Balance Carried Forward   |                  | <b>249,906</b>   | 245,686   |
|   |                  | <b>3,555,349</b> | 3,271,324 |

**Schedule 3 - Secured Loans**

**Debentures :**

|         |  |               |        |
|---------|--|---------------|--------|
| 500,000 | 18% 2000 Non-Convertible Debentures<br>of Rs 100 each on private placement basis | <b>50,000</b> | 50,000 |
|         | Less: Redeemed   | <b>50,000</b> | 33,333 |
|         |  | —             | 16,667 |
|         | Less: Liability to the account of POWERCO  | —             | 3,988  |
|         |  | —             | 12,679 |

**From Banks :**

|  |  |                |        |
|--|--|----------------|--------|
| Against hypothecation of Stocks, Stores and Book Debts |  |                |        |
| Cash Credit/Overdraft                                  |  | <b>114,972</b> | 63,857 |
|  |  | <b>114,972</b> | 76,536 |

**Schedule 4 - Unsecured Loans**

|  |               |               |         |
|--|---------------|---------------|---------|
| Fixed Deposits   | <b>2,517</b>  |               | 5,677   |
| Less: Liability to the account of POWERCO  | <b>602</b>    |               | 1,358   |
|  |               | <b>1,915</b>  | 4,319   |
| Commercial Paper<br>(Maximum amount outstanding at any time during the<br>year - Rs 300,000 thousand - Previous year<br>Rs 400,000 thousand) |               | —             | 300,000 |
| Other Loans and Advances<br>(Due within a year Rs 461 thousand,<br>Previous year Rs 424 thousand)  | <b>49,274</b> |               | 36,113  |
| Less: Liability to the account of POWERCO  | <b>558</b>    |               | 689     |
|  |               | <b>48,716</b> | 35,424  |
|  |               | <b>50,631</b> | 339,743 |

**As at 31 December 2000 (Rs in Thousands)**

**Schedule 5 – Fixed Assets**

(Figures in brackets are in respect of the previous year)

| Description             | Cost/<br>Revaluation<br>as at 1st<br>January<br>2000 | Additions/<br>Adjust-<br>ments     | Deductions/<br>Adjustments          | Cost/<br>Revaluation<br>as at 31<br>December<br>2000 | Deprecia-<br>tion for<br>the year<br>2000 | Total<br>Depreciation<br>upto 31<br>December<br>2000 | Net Block<br>As at<br>31<br>December<br>2000 |
|-------------------------|--|------------------------------------|-------------------------------------|--|---|--|--|
| Freehold Land           | 69,861<br>(75,821)                                   | —<br>(11,910)                      | —<br>(17,870)                       | 69,861<br>(69,861)                                   | —<br>(—)                                  | —<br>(—)   | 69,861<br>(69,861)                           |
| Leasehold Land          | 2,005<br>(13,887)                                    | —<br>(—)                           | —<br>(11,882)                       | 2,005<br>(2,005)                                     | 7<br>(6)                                  | 173<br>(166)   | 1,832<br>(1,839)                             |
| Leasehold Improvements  | 33,444<br>(1,857)                                    | 1,814<br>(31,877)                  | —<br>(290)                          | 35,258<br>(33,444)                                   | 5,434<br>(1,468)                          | 8,280<br>(2,846)                                     | 26,978<br>(30,598)                           |
| Factory Buildings       | 286,703<br>(300,001)                                 | 3,841<br>(98,703)                  | 14,428<br>(112,001)                 | 276,116<br>(286,703)                                 | 9,024<br>(8,303)                          | 85,804<br>(78,275)                                   | 190,312<br>(208,428)                         |
| Other Buildings         | 50,178<br>(65,969)                                   | 15,634<br>(1,540)                  | 1,202<br>(17,331)                   | 64,610<br>(50,178)                                   | 1,169<br>(935)                            | 16,355<br>(14,239)                                   | 48,255<br>(35,939)                           |
| Residential Quarters    | 8,016<br>(8,016)                                     | 5,549<br>(—)                       | —<br>(—)                            | 13,565<br>(8,016)                                    | 199<br>(127)                              | 3,083<br>(2,884)                                     | 10,482<br>(5,132)                            |
| Plant and Machinery     | 1,555,524<br>(2,055,531)                             | 164,843<br>(320,049)               | 16,456<br>(820,056)                 | 1,703,911<br>(1,555,524)                             | 114,486<br>(111,591)                      | 776,195<br>(672,100)                                 | 927,716<br>(883,424)                         |
| Furniture and Fixtures  | 90,676<br>(111,917)                                  | 1,757<br>(8,259)                   | 3,451<br>(29,500)                   | 88,982<br>(90,676)                                   | 2,997<br>(4,547)                          | 59,326<br>(57,660)                                   | 29,656<br>(33,016)                           |
| Vehicles                | 8,883<br>(16,487)                                    | 315<br>(2,012)                     | 1,802<br>(9,616)                    | 7,396<br>(8,883)                                     | 628<br>(838)                              | 4,472<br>(4,574)                                     | 2,924<br>(4,309)                             |
| Technical Know-How Fees | 207,974<br>(227,609)                                 | 20,274<br>(17,275)                 | 5,877<br>(36,910)                   | 222,371<br>(207,974)                                 | 23,542<br>(24,502)                        | 162,855<br>(144,650)                                 | 59,516<br>(63,324)                           |
| Capitalised Software    | 52,364<br>(8,308)                                    | 18,799<br>(44,056)                 | 800<br>(—)                          | 70,363<br>(52,364)                                   | 12,317<br>(7,910)                         | 21,450<br>(9,571)                                    | 48,913<br>(42,793)                           |
| <b>Total</b>            | <b>2,365,628</b><br><b>(2,885,403)</b>               | <b>232,826</b><br><b>(535,681)</b> | <b>44,016</b><br><b>(1,055,456)</b> | <b>2,554,438</b><br><b>(2,365,628)</b>               | <b>169,803</b><br><b>(160,227)</b>        | <b>1,137,993</b><br><b>(986,965)</b>                 | <b>1,416,445</b><br><b>(1,378,663)</b>       |

Capital work in progress and Advances on  
Capital Account

11,930  
(52,069)

**Total**

**1,428,375**  
**(1,430,732)**

**Notes**

- 1 Certain freehold and leasehold land, factory and other buildings and residential quarters were revalued during 1985 and 1986.
- 2 Residential Quarters include cost of shares in Lotus Court Private Limited Rs 56 thousand.

As at 31 December 2000 (Rs in Thousands) 2000 1999

**Schedule 6 - Investments (Long term)**

**At Cost :**

**Trade –**

Quoted :

249,997 Equity Shares of Rs 10 each  
fully paid in National Switchgears Limited 2,500 2,500

280,500 Equity Shares of Rs 10 each fully  
paid in Integra Hindustan Control Limited 2,805 2,805

Unquoted :

286,428 Equity Shares of Rs 10 each  
fully paid in Seshasayee Industries Limited 2,745 2,745

**Non Trade –**

Government Securities:

Quoted :

6.5% Central Government Loan 2005 26 26

Unquoted :

12 Year National Savings Certificates 11 11

12 Year National Defence Certificates 3 3

7 Year National Savings Certificates 7 7

6 Year National Savings Certificates — 8

5½ Year Indira Vikas Patras 19 20

66 75

**Others –**

Unquoted:

In the units of Unit Trust of India :  
496,320 units of Rs 10 each fully  
paid; (Repurchase price Rs 6,849  
thousand - Previous year Rs 6,924  
thousand) 6,678 6,678

1,000 Shares of Rs 25 each fully paid in  
Co-operative Bank of Baroda 25 25

14% Secured Redeemable Non-Convertible  
Debentures - 2001 of Wachovia Investments  
Private Limited 90,000 100,000

6.5% Non-Redeemable Debentures of Bengal  
Chamber of Commerce and Industry 2 2

104,821 114,830

**Notes :**

Quoted Investments aggregate 5,331 5,331  
(Market value Rs 10,020 thousand;  
Previous Year - Rs 14,666 thousand)

Unquoted Investments aggregate 99,490 109,499

As at 31 December 2000 (Rs in Thousands) 2000 1999

### Schedule 7 - Inventories

|                                |                  |                |
|--------------------------------|------------------|----------------|
| Stores and Maintenance Spares  | 3,284            | 8,752          |
| Raw Materials                  | 81,685           | 81,973         |
| Components                     | 506,811          | 401,240        |
| Finished Goods                 | 65,549           | 63,908         |
| Work and Contracts-in-progress | 471,497          | 372,121        |
|                                | <u>1,128,826</u> | <u>927,994</u> |

### Schedule 8 - Sundry Debtors

|   |                  |                  |
|---|------------------|------------------|
| Unsecured :   |                  |                  |
| Debts outstanding for a period exceeding six months |                  |                  |
| - Considered Good                                   | 1,241,800        | 1,173,438        |
| - Considered Doubtful                               | 162,565          | 214,059          |
|   | <u>1,404,365</u> | <u>1,387,497</u> |
| Other Debts - Considered Good                       | 2,948,231        | 2,540,553        |
|   | <u>4,352,596</u> | <u>3,928,050</u> |
| Less: Provision for Doubtful Debts                  | 162,565          | 214,059          |
|   | <u>4,190,031</u> | <u>3,713,991</u> |

### Schedule 9 - Cash and Bank Balances

|                                       |                |                |
|---------------------------------------|----------------|----------------|
| Cash and Cheques on hand              | 10,611         | 67,482         |
| With Scheduled Banks                  |                |                |
| - On Current Account                  | 279,147        | 477,556        |
| - On Deposit Account                  | 3,227          | 1,585          |
| - On Margin Account                   | 669            | 1,254          |
|                                       | <u>283,043</u> | <u>480,395</u> |
| With Other Banks - on Current Account | —              | 36             |
|                                       | <u>293,654</u> | <u>547,913</u> |

Current Accounts with Other Banks includes

|  | As at 31<br>December<br>2000 | As at 31<br>December<br>1999 | Maximum<br>amount<br>outstanding<br>at any time<br>during the<br>year | Maximum<br>amount<br>outstanding<br>at any time<br>during<br>previous year |
|--|------------------------------|------------------------------|---|--|
| (a) Hongkong & Shanghai Banking Corporation Ltd., Bangladesh | —                            | 36                           | 36  | 384  |
| (b) Hongkong & Shanghai Banking Corporation Ltd., Sri Lanka  | —                            | —                            | —   | 943  |

As at 31 December 2000 (Rs in Thousands)

2000

1999

### Schedule 10 - Loans and Advances

|  |                |                |
|--|----------------|----------------|
| Loans, Considered Good :   |                |                |
| Secured  | 724            | 3,228          |
| Unsecured  | 2,251          | 5,338          |
|  | <u>2,975</u>   | <u>8,566</u>   |
| Advances recoverable in cash or in kind<br>or for value to be received : |                |                |
| Unsecured - Considered Good  | 521,411        | 530,091        |
| - Considered Doubtful  | 25,550         | 26,915         |
|  | <u>546,961</u> | <u>557,006</u> |
| Less: Provision for doubtful advances                                    | 25,550         | 26,915         |
|  | <u>521,411</u> | <u>530,091</u> |
| Interest accrued on Investments  | 8,717          | —              |
| Advance tax (net of provision)   | 126,625        | 67,143         |
| Balances with Customs, Port<br>Trusts and Excise on Current accounts     | 100,981        | 61,850         |
|  | <u>760,709</u> | <u>667,650</u> |

### Schedule 11 - Current Liabilities

|  |                  |                  |
|--|------------------|------------------|
| Acceptances                                | 49,690           | 29,961           |
| Sundry Creditors                           |                  |                  |
| Due to Small Scale Industrial undertakings | 129,098          | 138,293          |
| Others                                     | 2,853,069        | 2,548,376        |
|  | <u>2,982,167</u> | <u>2,686,669</u> |
| Advance Payments from Customers            | 473,963          | 343,633          |
| Unclaimed Dividends                        | 4,219            | 2,867            |
| Unclaimed Debentures                       | 1,747            | 1,937            |
| Interest accrued but not due on loans      | 354              | 1,139            |
|  | <u>3,512,140</u> | <u>3,066,206</u> |

### Schedule 12 - Provisions

|                                |                |                |
|--------------------------------|----------------|----------------|
| Proposed Dividend              | 207,092        | 207,092        |
| Corporate Dividend Tax thereon | 46,803         | 22,780         |
| Others                         | 5,245          | 5,245          |
|                                | <u>259,140</u> | <u>235,117</u> |

For the year ended 31 December 2000

**Schedule 13 – Capacities, Production, Stock and Turnover** (Refer Note 8 to the Accounts)

(Figures in brackets are in respect of previous year)

| Class of goods   | Annual Capacities     |                      | Opening Stock of Finished Goods |                           | Production of Finished Goods |                    | Closing Stock of Finished Goods |                      | Turnover of Finished Goods      |  |
|--|-----------------------|----------------------|---------------------------------|---------------------------|------------------------------|--------------------|---------------------------------|----------------------|---------------------------------|--|
|  | Quant. Denom.         | Installed            | Quantity                        | Rupees in Thousands       | Quantity                     | Quantity           | Rupees in Thousands             | Quantity             | Rupees in Thousands             |  |
| Motors/Alternators/Generators upto 20 MW   | HP                    | 450,000<br>(375,000) | 44,845<br>(56,064)              | 28,481<br>(34,443)        | 452,767<br>(374,371)         | 44,891<br>(44,845) | 31,681<br>(28,481)              | 419,802<br>(356,853) | 359,052<br>(305,728)            |  |
| Switchgear of all types  | Nos.                  | 642,333<br>(642,333) | 20,329<br>(13,455)              | 13,786<br>(11,306)        | 580,636<br>(668,194)         | 13,302<br>(20,329) | 7,330<br>(13,786)               | 576,908<br>(539,071) | 2,336,970<br>(2,231,574)        |  |
| PLCC Equipment   | Nos.                  | 2,850<br>(1,900)     | –<br>(–)                        | –<br>(–)                  | 1,297<br>(1,183)             | –<br>(–)           | –<br>(–)                        | 1,087<br>(1,165)     | 161,067<br>(149,801)            |  |
| Measurand Convertors   | Nos.                  | 90,000<br>(22,600)   | –<br>(–)                        | –<br>(–)                  | 26,765<br>(18,962)           | 620<br>(–)         | 4,183<br>(–)                    | 24,201<br>(17,103)   | 163,597<br>(78,631)             |  |
| Telemetry Equipment  | Nos.                  | 150<br>(150)         | –<br>(–)                        | –<br>(–)                  | 20<br>(31)                   | –<br>(–)           | –<br>(–)                        | 20<br>(31)           | 8,159<br>(12,608)               |  |
| Turbochargers  | Nos.                  | 150<br>(150)         | –<br>(–)                        | –<br>(–)                  | 134<br>(126)                 | –<br>(–)           | –<br>(–)                        | 134<br>(126)         | 163,858<br>(175,795)            |  |
| Industrial Turbo Sets  | MW                    | –<br>(30)            | –<br>(–)                        | –<br>(–)                  | –<br>(8)                     | –<br>(–)           | –<br>(–)                        | –<br>(8)             | –<br>(12,675)                   |  |
| Power Transformers   | MVA                   | 4,000<br>(4,000)     | –<br>(–)                        | –<br>(–)                  | 255<br>(240)                 | –<br>(–)           | –<br>(–)                        | 255<br>(240)         | 39,492<br>(31,061)              |  |
| Traction Transformers  | Nos.                  | 15<br>(15)           | –<br>(–)                        | –<br>(–)                  | 3<br>(2)                     | –<br>(–)           | –<br>(–)                        | 3<br>(2)             | 28,150<br>(18,435)              |  |
| Steam Turbines for Utility and Captive Power Plants  | MW                    | –<br>(1,000)         | –<br>(–)                        | –<br>(–)                  | –<br>(–)                     | –<br>(–)           | –<br>(–)                        | –<br>(–)             | –<br>(–)                        |  |
| Electronic Control and Supply Units for Variable Speed Drives and other applications   | Nos.                  | 5,000<br>(550)       | –<br>(–)                        | –<br>(–)                  | 2,586<br>(1,851)             | –<br>(–)           | –<br>(–)                        | 2,586<br>(1,851)     | 356,500<br>(309,267)            |  |
| Mini Computer/Microprocessor based Systems   | Value Rs.in Thousands | 200,000<br>(200,000) | –<br>(–)                        | –<br>(–)                  | 168,831<br>(720,477)         | –<br>(–)           | –<br>(–)                        | –<br>(–)             | 168,831<br>(720,477)            |  |
| Non-Microprocessor Based Electronics (Analog and Digital) for Weighing, Batching and Force Measuring Systems and Sub-Systems | Value Rs.in Thousands | 70,000<br>(70,000)   | –<br>(–)                        | –<br>(–)                  | 12,792<br>(–)                | –<br>(–)           | –<br>(–)                        | –<br>(–)             | 12,792<br>(–)                   |  |
| Power Capacitors of all types  | MVAR                  | 1,500<br>(1,500)     | –<br>(–)                        | –<br>(–)                  | 1,081<br>(667)               | –<br>(–)           | –<br>(–)                        | 1,081<br>(667)       | 75,250<br>(75,765)              |  |
| Pollution and Environment Control Equipment  | Nos.                  | 10,562<br>(15,077)   | 284<br>(443)                    | 530<br>(4,198)            | 3,663<br>(3,158)             | 244<br>(284)       | 2,226<br>(530)                  | 3,703<br>(3,267)     | 364,793<br>(257,100)            |  |
| Robotics   | Nos.                  | 15<br>(15)           | –<br>(–)                        | –<br>(–)                  | 9<br>(6)                     | –<br>(–)           | –<br>(–)                        | 9<br>(6)             | 46,591<br>(31,024)              |  |
| Others   |                       |                      |                                 | 735<br>(5,039)            |                              |                    | 766<br>(735)                    |                      | 866,127<br>(673,321)            |  |
| Project Items  |                       |                      |                                 | 20,376<br>(39,778)        |                              |                    | 19,363<br>(20,376)              |                      | 2,405,278<br>(2,096,383)        |  |
| Erection and Other Services  |                       |                      |                                 |                           |                              |                    |                                 |                      | 376,271<br>(578,381)            |  |
| <b>Total</b>   |                       |                      |                                 | <b>63,908</b><br>(94,764) |                              |                    | <b>65,549</b><br>(63,908)       |                      | <b>7,932,778</b><br>(7,758,026) |  |

**Note:** The Company's products are exempt from licensing requirement under the industrial policy by virtue of notification No. 477 (E) of 25.07.91

For the year ended 31 December 2000 (Rs in Thousands)

2000

1999

## Schedule 14 - Other Income

### Income from Non-Trade Investments

|  |       |     |
|--|-------|-----|
| Dividend   | 686   | 674 |
| Interest<br>(Tax deducted at source Rs 792 thousand<br>- previous year Rs Nil) | 9,504 | —   |

10,190

674

### Interest (Gross)

|   |       |        |
|---|-------|--------|
| On Deposits with Banks<br>(Tax deducted at source Rs 186 thousand,<br>previous year Rs Nil) | 2,672 | 661    |
| Others<br>(Tax deducted at source Rs Nil,<br>previous year Rs 3,750 thousand)               | 1,977 | 19,065 |

4,649

19,726

|                                      |         |         |
|--------------------------------------|---------|---------|
| Profit on Sale of Fixed Assets (net) | 5,481   | 29,955  |
| Profit on Sale of Investments        | —       | 10,730  |
| Miscellaneous income                 | 115,392 | 114,426 |

135,712

175,511

## Schedule 15 - Personnel Expenses

|   |           |           |
|---|-----------|-----------|
| Salaries, Wages, Bonus                    | 696,435   | 712,112   |
| Contribution to Gratuity Fund             | 21,771    | 25,875    |
| Contribution to Provident and Other Funds | 59,159    | 59,023    |
| Workmen and Staff Welfare expenses        | 199,779   | 221,338   |
| Other Personnel Expenses                  | 42,253    | 30,735    |
|   | 1,019,397 | 1,049,083 |

For the year ended 31 December 2000 (Rs in Thousands)

2000

1999

### Schedule 16 - Other Expenses

|   |                         |                         |
|---|-------------------------|-------------------------|
| Tools and Stores                          | <b>117,366</b>          | 122,604                 |
| Royalty                                   | <b>25,091</b>           | 27,084                  |
| Freight and Forwarding                    | <b>22,498</b>           | 17,748                  |
| Postage, Telephone and Telex              | <b>121,985</b>          | 122,810                 |
| Commission and Discount                   | <b>79,076</b>           | 48,429                  |
| Power, Fuel and Water                     | <b>86,558</b>           | 86,997                  |
| Travelling and Conveyance                 | <b>228,269</b>          | 234,781                 |
| Insurance                                 | <b>41,796</b>           | 26,917                  |
| Rates and Taxes                           | <b>21,857</b>           | 45,174                  |
| Rent                                      | <b>104,795</b>          | 121,805                 |
| Repairs : Buildings                       | <b>19,136</b>           | 16,740                  |
| Plant and Machinery                       | <b>42,856</b>           | 49,723                  |
| Others                                    | <b>10,022</b>           | 9,396                   |
| Provision for Doubtful Debts and Advances | <b>(52,859)</b>         | 65,483                  |
| Bad Debts / Advances Written Off          | <b>84,282</b>           | 12,930                  |
| Miscellaneous                             | <b>297,798</b>          | 266,730                 |
|   | <b><u>1,250,526</u></b> | <b><u>1,275,351</u></b> |

### Schedule 17 - Notes to the Accounts

#### 1. Significant Accounting Policies

1.1 These financial statements are prepared under the historical cost convention, except for revaluation of certain fixed assets, on the accrual basis of accounting and in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India and the presentational requirements of the Companies Act, 1956.

#### 1.2 Fixed Assets

Cost of fixed assets comprises purchase price, duties, levies and any directly attributable cost of bringing the asset to its working condition for the intended use. Borrowing costs related to the acquisition or construction of fixed assets for the period upto the completion of construction or acquisition of fixed assets are included in the book value of the asset.

Capitalised software consists of costs on Enterprise Resource Planning (ERP) Project and other costs relating to product design software, which provide significant future economic benefits. ERP Project costs comprise licence fees and cost of system integration services. Other software costs represent the cost of acquisition of software.

All costs relating to upgradations/enhancements are generally charged off as revenue expenditure unless they bring significant additional benefits.

#### 1.3 Depreciation/Amortisation

Depreciation on tangible assets has been provided at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 on a straight line basis.

Leasehold assets are amortised over the period of the lease.

Technical know-how fees are amortised over a period of six years from the year in which they become payable.

Capitalised software costs are amortised over a period of five years.

#### 1.4 Foreign Currency Transactions

Foreign currency transactions are recorded by applying the respective monthly average rates.

Foreign currency denominated monetary liabilities incurred for the acquisition of fixed assets are translated at exchange rates prevailing on the balance sheet date or forward cover rates, as applicable. The net variation arising out of the said translation and roll over charges, if any, are adjusted to the cost of fixed assets. Other monetary assets and liabilities denominated in foreign currency are similarly translated.

All exchange gains/losses, other than those relating to fixed assets, arising out of such transactions/translations are taken to the profit and loss account.



## 1.5 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of various categories of inventories is arrived at as follows:

Stores, spares, raw materials and components - rates determined on the weighted average/first in first out method. Packing materials, loose tools and consumables are charged off at the point of purchase.

Work-in-progress and finished goods - at full absorption cost method based on annual average cost of production. Excise duty is loaded on the inventory of finished goods.

Provision for obsolescence is made wherever necessary.

## 1.6 Long Term Contracts

Revenues are recognised on a percentage of completion method based on the billing schedules agreed with the customers. The total costs of the contract are estimated, based on technical and other estimates. The relevant costs are recognised in the accounts in the year of recognition of the revenues. Profit so recognised is adjusted to ensure that it does not exceed the estimated overall contract margin. If there is an actual or foreseeable loss on contract, then the same is fully accounted for. Advances received from customers are disclosed separately under current liabilities and amount of retention shown under Sundry Debtors.

## 1.7 Liquidated Damages/Penalties

Liquidated damages/penalties are provided for wherever there is a delayed delivery.

## 1.8 Provisions for Loss Orders

Necessary provisions are made for loss orders based on technical and other estimates.

## 1.9 Revenue Recognition

Sales of products and services are recognised when the goods are despatched and services are rendered and are stated at contractual realisable values. Sales are disclosed in the accounts net of excise duty, sales tax and trade discounts.

Commission income is recognised as per contracts/receipt of credit note.

Dividends from investments are recognised in the profit and loss account when the right to receive the dividend is established.

## 1.10 Retirement Benefits

Contribution to Provident Fund/Superannuation Fund is made at a pre-determined rate to the Provident Fund Trust/Superannuation Fund Trust

and charged to the profit and loss account on an accrual basis.

Contribution to Gratuity Fund and provision for leave encashment benefit are made based on actuarial valuation and charged to the profit and loss account.

## 1.11 Research and Development

All revenue expenses pertaining to research and development are charged to profit and loss account in the year in which they are incurred.

## 1.12 Investments (Long term)

Long term investments are valued at cost. In case there is a permanent diminution in the value of investments, a provision for the same is made in the accounts and disclosed under Provisions.

## 1.13 Contingent Liabilities

Contingent liabilities are usually not provided for unless it is probable that the future outcome may be materially detrimental to the Company.

## 2. Demerger of Power Generation Business

The Honorable High Court of Judicature at Bombay vide its Order dated 1 October 1999 sanctioned the Arrangement as embodied in the Scheme of Arrangement ('the Scheme') between the Company and Asea Brown Boveri Management Limited (POWERCO). In accordance with the Scheme, the entire Power Generation business of the Company was transferred on a going concern basis to POWERCO on 1 December 1999 when the Scheme became effective retrospectively from the Appointed Date i.e. 1 April 1999. As a part of the Scheme, Assets and Liabilities pertaining to Power Generation business were transferred to POWERCO at their book values. In addition certain Reserves and the Loans were also transferred to POWERCO under the Scheme.

In view of the demerger and transfer of the Power Generation business to POWERCO effective from 1 April 1999, the figures of the current year are not directly comparable with those of the previous year. The Company's results for the previous year included Sales of Rs 222,206 thousand and Loss Before Taxation of Rs 65,758 thousand for the period January 1999 to March 1999 pertaining to Power Generation business.

## 3. Debentures

140,000 13.5% 1990 Non-Convertible Debentures of Rs 100 each and 252,233 13.5% 1993 Non-Convertible Debentures (Series - II) of Rs 100 each were redeemed in October 1990 and September 1993 respectively. The unclaimed debentures, net of the liability on account of POWERCO – amounting to Rs 549 thousand (previous year Rs 608 thousand) are reported under Schedule 11 – Current Liabilities. These debentures are secured by a first charge created over certain immovable assets at Bangalore and Nashik ranking pari-passu inter se

with the charges created in favour of the other institutions and a second charge over certain stocks, book debts and other movables, subject to prior charges in favour of the Company's bankers for securing its working capital requirements.

| <b>As at December 31 (Rs in Thousands)</b>   | <b>2000</b> | 1999    |
|--|-------------|---------|
| 4. The amounts due from companies under the same management as defined in sub-section (1-B) of Section 370 of the Companies Act, 1956, are as under:   |             |         |
| a) Sundry Debtors  |             |         |
| - Universal ABB Power Cables Limited   | 4           | —       |
| - ABB Instrumentation Limited  | —           | 645     |
| - ABB Analytical Limited   | 1,288       | 883     |
| - Introl India Limited   | 1,000       | 12      |
| - ABB Lenzohm Services Limited   | 3           | 647     |
| b) Advances and Current Accounts   |             |         |
| - Universal ABB Power Cables Limited<br>(Maximum amount due during the year Rs 2,904 thousand,<br>previous year Rs 518 thousand)   | 260         | 518     |
| - ABB Instrumentation Limited<br>(Maximum amount due during the year Rs 2,777 thousand,<br>previous year Rs 1,017 thousand)  | 1,601       | 1,017   |
| - ABB Analytical Limited<br>(Maximum amount due during the year Rs 651 thousand,<br>previous year Rs nil thousand)   | 376         | —       |
| - Introl India Limited<br>(Maximum amount due during the year Rs 865 thousand,<br>previous year Rs 367 thousand)   | 104         | 367     |
| - ABB Lenzohm Services Limited<br>(Maximum amount due during the year Rs 3,348 thousand,<br>previous year Rs 819 thousand)   | 1,289       | —       |
| - ABB Holdings (South Asia) Limited<br>(Maximum amount due during the year Rs 885 thousand,<br>previous year Rs 970 thousand)  | 25          | 881     |
| 5. Sundry creditors includes Rs 129,098 thousand (Previous Year Rs 138,293 thousand) due to Small Scale Industrial Undertakings to the extent such parties have been identified from available information with the Company. Names of the Small Scale Industrial Undertakings to whom the Company owes a sum exceeding Rs 100 thousand which is outstanding for more than 30 days as at 31 December 2000 are as per attached Annexure. |             |         |
| 6. <b>Contingent Liabilities</b>   |             |         |
| i Claims against the Company not acknowledged as debts   | 192,917     | 244,980 |
| ii Bills discounted  | 106,139     | 4,129   |
| The above excludes bills co-accepted by the customers' bankers/guaranteed by the State Governments   | 927,072     | 966,738 |
| iii Income tax matters in dispute  | 134,629     | 16,564  |
| 7. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)  | 12,656      | 61,116  |

## 8. Capacities, Production, Stock and Turnover

### 8.1 Capacities

- a) Installed capacities are as certified by the Managing Director, but not verified by the Auditors, being a technical matter.
- b) In terms of the Scheme of demerger, facilities for manufacture of Industrial Turbo Sets, Steam Turbine for Utility and Captive Power Plants and part of Pollution and Environment Control Equipment have been transferred to POWERCO with effect from 1 April 1999.

### 8.2 Production

- a) Production of finished goods is inclusive of production for captive use.
- b) "Others" represent internally manufactured components, sold during the year. The Company considers these 'meant for sale' when actually sold. Since the quantitative denominations of these items are dissimilar, it would be impracticable to disclose the quantitative information in respect of production and turnover.

### 8.3 Project items

- a) These comprise sale of trading items, equipment and miscellaneous items meant for execution of projects. Since the quantitative denominations of these items are dissimilar, it would be impracticable to disclose the quantitative information in respect thereof.
- b) Purchase of these items during the year aggregated to **Rs 1,745,111 thousand** (Previous Year Rs 1,659,663 thousand).

### 8.4 Work and Contracts-in-Progress

The work and contracts-in-progress at the beginning of the year amounted to **Rs 372,121 thousand** (Previous Year Rs 442,331 thousand).

**For the year ended 31 December 2000 (Rs in Thousands)** 2000 1999

## 9. Earnings in Foreign Exchange

|     |  |  |                |  |           |
|-----|--|--|----------------|--|-----------|
| i   | Export of Goods  |  |                |  |           |
|     | - Direct on FOB basis  |  | <b>369,621</b> |  | 377,726   |
|     | - Deemed Exports   |  | <b>181,965</b> |  | 376,425   |
| ii  | Goods/services supplied locally against foreign exchange remittances |  | <b>3,831</b>   |  | 163,133   |
| iii | Erection and other services  |  | <b>16,529</b>  |  | 113,950   |
| iv  | Other Income:  |  |                |  |           |
|     | a. Commission  |  | <b>28,989</b>  |  | 33,211    |
|     | b. Freight/Insurance   |  | <b>471</b>     |  | 2,752     |
|     | c. Service Fees  |  | <b>49,390</b>  |  | 4,589     |
|     | d. Others  |  | <b>28,902</b>  |  | 20,293    |
|     |  |  | <b>679,698</b> |  | 1,092,079 |

## 10. Consumption of Raw Materials and Components

|                       |    | Quantity | Rs in Thousands  | Quantity | Rs in Thousands |
|-----------------------|----|----------|------------------|----------|-----------------|
| Ferrous Metals        | MT | 4,119    | 173,665          | 3,605    | 141,394         |
| Non-Ferrous Metals    | MT | 1,201    | 155,371          | 569      | 114,504         |
| Components            | *  |          | 2,555,400        | *        | 2,118,621       |
| Others                |    |          | 388,039          |          | 534,783         |
|                       |    |          | <b>3,272,475</b> |          | 2,909,302       |
|                       |    |          |                  |          |                 |
|                       |    | %        |                  | %        |                 |
| Imported              |    | 38.51    | 1,260,071        | 37.74    | 1,097,894       |
| Indigenously acquired |    | 61.49    | 2,012,404        | 62.26    | 1,811,408       |
|                       |    | 100.00   | 3,272,475        | 100.00   | 2,909,302       |

For the purpose of para 4D (c) of Part II of Schedule VI to the Companies Act, 1956, components and spare parts are assumed to mean those incorporated in the product finally sold and not those used as spares for the repairs and maintenance of Plant and Machinery.

\* Since the quantity denominations and the type of components are dissimilar in nature, it would be impracticable to disclose the quantitative information in respect thereof.

| <b>For the year ended 31 December 2000 (Rs in Thousands)</b>   | <b>2000</b>      | <b>1999</b>      |
|--|------------------|------------------|
| <b>11. Value of imports on CIF basis</b>   |                  |                  |
| Raw Materials and Components   | 1,262,507        | 874,900          |
| Maintenance Spare Parts  | 166              | 593              |
| Capital Goods  | 21,803           | 10,810           |
| Software   | 4,273            | 26,925           |
| Project items  | 70,468           | 309,138          |
|  | <u>1,359,217</u> | <u>1,222,366</u> |
| <b>12. Expenditure in foreign currency</b>   |                  |                  |
| Royalty and technical fees   | 30,321           | 41,849           |
| Erection Services  | 3,075            | 671              |
| Commission   | 817              | 85               |
| Professional/Consultancy fees  | 10,511           | 11,139           |
| Others   | 79,867           | 58,365           |
|  | <u>124,591</u>   | <u>112,109</u>   |
| <b>13. Amount remitted during the year in foreign currency, on account of dividend</b>   |                  |                  |
| i Number of shareholders   | 3                | 3                |
| ii Number of equity shares held by them on which dividend was paid   | 21,120,879       | 21,120,879       |
| iii Year ended to which the dividend related   | 31 December 1999 | 31 December 1998 |
| iv Amount remitted   | 105,604          | 105,604          |
| 14. Interest charge for the year includes interest on Debentures and Fixed period loans of <b>Rs 694 thousand</b> (Previous Year Rs 5,204 thousand). |                  |                  |
| <b>15. Managerial Remuneration</b>   |                  |                  |
| a) i Directors' fee  | 194              | 120              |
| ii Other remuneration  |                  |                  |
| Salary   | 2,170            | 1,820            |
| Commission   | 1,085            | 910              |
| Contribution to Provident and other funds  | 692              | 574              |
| Other pequisites   | 2,522            | 2,108            |
|  | <u>6,469</u>     | <u>5,412</u>     |
|  | <u>6,663</u>     | <u>5,532</u>     |
| b) Computation of Commission   |                  |                  |
| Profit Before Taxation as per Profit and Loss Account  | 705,115          | 531,956          |
| Add: Managerial Remuneration   | 6,663            | 5,532            |
| Depreciation charged to the Accounts   | 167,608          | 158,032          |
| Profit on sale of Fixed Assets as per Section 349 of the Companies Act, 1956   | 5,481            | 8,134            |
| Provision for doubtful debts/ advances   | (52,859)         | 65,483           |
|  | <u>126,893</u>   | <u>237,181</u>   |
|  | <u>832,008</u>   | <u>769,137</u>   |
| Less: Profit on sale of Fixed Assets (net) per Accounts  | 5,481            | 29,955           |
| Depreciation as per Section 350 of the Companies Act, 1956   | 167,608          | 207,736          |
|  | <u>173,089</u>   | <u>237,691</u>   |
| Net Profit as per Section 349 of the Companies Act, 1956   | <u>658,919</u>   | <u>531,446</u>   |
| Commission to the Managing Director and Whole-time Director at 50% of salary   | 1,085            | 910              |

|  |             |      |
|--|-------------|------|
| <b>For the year ended 31 December 2000 (Rs in Thousands)</b> | <b>2000</b> | 1999 |
|--|-------------|------|

**16. a) Auditors' Remuneration**  
(excluding service tax)

|     |  |              |       |
|-----|--|--------------|-------|
| i   | Audit Fee  | <b>1,600</b> | 1,600 |
| ii  | Tax Audit Fee  | <b>550</b>   | 550   |
| iii | Audit of accounts for the purpose of Section 44 AB of the Income-tax Act, 1961 | <b>850</b>   | 850   |
| iv  | Other Services   | <b>2,395</b> | 1,313 |
| v   | Reimbursement of out of pocket expenses  | <b>491</b>   | 615   |

**b) Cost Auditors' Remuneration**  
(excluding service tax)

|    |                        |           |    |
|----|------------------------|-----------|----|
| i  | Cost Audit Fee         | <b>50</b> | 50 |
| ii | Out of Pocket expenses | <b>10</b> | 10 |

17. Net foreign exchange variation loss of **Rs 2,772 thousand** has been accounted in the profit and loss account (Previous year gain of Rs 4,497 thousand).
18. Research and development expenditure of **Rs 23,083 thousand** on revenue account has been incurred during the year (Previous Year Rs 55,280 thousand).
19. Provision for tax has been made on the basis of the results of these accounts, though the actual liability will be computed and paid on the basis of the results of the operations for the year ending 31 March 2001.
20. The figures of the previous year have been regrouped/reclassified, where necessary, to conform with the figures of the current year.

Signature to Schedules 1 to 17

For and on behalf of the Board

|                |                         |
|----------------|-------------------------|
| K.N. Shenoy    | Chairman                |
| K.K. Kaura     | Managing Director       |
| Vijay Karan    | Director                |
| John A. Clarke | Chief Financial Officer |
| A.S. Khandwala | Company Secretary       |

Mumbai, 21 February, 2001

## Annexure to Schedule 17 – Notes to the Accounts (see Note 5)

Names of the Small Scale Industrial Undertakings to whom the Company owes a sum exceeding Rs 100 thousand which is outstanding for more than 30 days as at 31 December 2000.

|                                      |                                       |
|--------------------------------------|---------------------------------------|
| Abhiman Packing Industries           | Nasik Wood Packers Pvt. Ltd.          |
| Akshay Udyog                         | Naskar Engineering Co.                |
| Amba Industries                      | Neelay Industries                     |
| Amey Innovatives                     | Oblum Electrical Industries Pvt. Ltd. |
| Amruta Engineers & Galvanisers       | Ohmark Controls Pvt. Ltd.             |
| Anil Metal Industries                | P.P. Engineering                      |
| Annapurna Engineering Works          | Paarth Industries                     |
| Anuja Enterprise                     | Pack Well                             |
| Apex                                 | Panchashil Industries                 |
| Arc Weld Engineers                   | Par Excellence                        |
| Bharat Timber                        | Paramount Seals & Packings            |
| BSA Enterprises                      | Perennial Elemech Fabricon            |
| Central Hardware Industries          | Polycab Industries                    |
| Clean Filter Industries              | Polycom Associates                    |
| Copper Metal Corporation             | Power Aids                            |
| Creative Micro Systems               | Power Technologies                    |
| D.N. Engineers                       | Pranav Engineering Works              |
| Dayal Engineering Pvt. Ltd.          | Pratima Engineering Works             |
| Dee Bee Enterprise                   | Precision Spring Works                |
| Desai Udyog                          | Press Metal Industries                |
| Dhananjay Metal Industries Pvt. Ltd. | Pritika Engineering Industries        |
| Dhruv Packaging & Engineers          | P.S. Electricals Pvt. Ltd.            |
| Diamond Engg.(Chennai) Pvt. Ltd.     | R.C.Das Engineering Pvt. Ltd.         |
| Diamond Fabricator                   | Ranu Fabricators                      |
| Dieco Pressings & Tools              | Ratnaparkhi Electronics Industries    |
| Dyna Filters                         | Resistro Enterprises                  |
| Dynam Electro Controls               | Rollex Engineering Works              |
| Dynamic Industries                   | S.J.P.S. Tools                        |
| Easy Pack                            | Saini Engineering Works               |
| Electrical Controls & Systems        | Sanghvi Brothers                      |
| Electromech                          | Sans Electrolab                       |
| Electronic Relays India Pvt. Ltd.    | SAS Fabricators                       |
| Elins Engineers                      | Sathesh Engineering                   |
| Elmex Controls Pvt. Ltd.             | Satyam Engineering                    |
| Empee Engineers                      | Sealvel Rubber Products Pvt. Ltd.     |
| Engineers India Industries           | Shark Engineering Products            |
| Ercon Composites                     | Shkomin Services                      |
| Excel Graphics Pvt. Ltd.             | Shree Electrical & Engineering Co.    |
| Ferro-tic Dies & Moulds              | Shree Meta Fab                        |
| Fincore Cables Pvt. Ltd.             | Shri Sagar Traders                    |
| Fintex Industries                    | Sindhu Cargo                          |
| G.B.M. Manufacturing                 | Sivasri Industries                    |
| G.S. Alloy Castings Pvt. Ltd.        | SNS Control Systems                   |
| Goutam Industries                    | Specialised Components Pvt. Ltd.      |
| Gyro Lab Pvt. Ltd.                   | Sri Chakra Enterprises                |
| Hazra Engineering Concern            | Sriganesh Switchgears Pvt. Ltd.       |
| Hind Tools                           | SRR Enterprises                       |
| Hindomech Engineers                  | Standard Fabricators                  |
| Hyderabad Castings Ltd.              | Steel Fabricant                       |
| Indl Security and Fire Service Orgn. | Stomy Engineering Works               |
| Industrial Enterprises               | Sun Fabricators                       |
| K.S. Engineering Works               | Sunrise Computers & Networks          |
| Kabeer Engineering Works             | Super Packers                         |
| Khandelwal Cables Ltd.               | Swaram Enginnering                    |
| Lakhani Trading Co.                  | Switron Devices                       |
| M.N. Chatterjee & Co.                | Symcom Engineers                      |
| M.P. Industries                      | Techno Control Engineers              |
| M.A. Durga Industry                  | Tru Tools                             |
| Magna Motors                         | Tushar Metals Pvt. Ltd.               |
| Maruti Engineers                     | Vatco Electricals Pvt. Ltd.           |
| Maruti Technical Services            | Vim Sun Gears Pvt. Ltd.               |
| Mcroch & Company                     | Vinod Industries                      |
| Mehta Electronics                    | Viru Electronics                      |
| Metalcraft Engineering & Spring      | Vohra Engineering Works               |
| Micro Works                          | Vrishabh Engineers & Consultants      |
| Minal Electrical & Engineering       | Western Hivolts Equipments Pvt. Ltd.  |
| Monarch Industries                   | Win Tech Engineers                    |
| MPP Technologies Pvt. Ltd.           | Yesha Electricals Pvt. Ltd.           |
| Multi Fab Guj Pvt Ltd                |                                       |

**Balance Sheet Abstract and Company's General Business Profile**

**I Registration Details**

Registration No.  State Code   
 Balance Sheet Date     
 Date Month Year

**II Capital Raised during the year (Rs in Thousands)**

Public Issue  Rights Issue   
 Bonus Issue  Private Placement

**III Position of Mobilisation and Deployment of Funds (Rs in Thousands)**

Total Liabilities  Total Assets

**Sources of Funds**

Paid-up Capital  Reserves and Surplus   
 Secured Loans  Unsecured Loans

**Application of Funds**

Net Fixed Assets  Investments   
 Net Current Assets  Misc. Expenditure   
 Accumulated Losses

**IV Performance of the Company (Rs in Thousands)**

Turnover  Total Expenditure   
 +/- Profit/Loss Before Tax  +/- Profit/Loss After Tax   
 Earnings per Share in Rs  Dividend Rate %

**V Generic Names of Three Principal Products/Services of Company**

(as per monetary terms)

|                          |   |
|--------------------------|---|
| Item Code No. (ITC Code) | 85.35                                       |
| Product Description      | Switchgears of all types                    |
| Item Code No. (ITC Code) | 84.21                                       |
| Product Description      | Pollution and Environment Control Equipment |
| Item Code No. (ITC Code) | 85.01                                       |
| Product Description      | Motors/Alternators/Generators up to 20 MW   |

# Cash Flow Statement

| For the year ended 31 December 2000 (Rs in Thousands)  | 2000                  | 1999                  |
|--|-----------------------|-----------------------|
| <b>A. Cash Flow from Operating Activities:</b>         |                       |                       |
| Net Profit Before Tax                                  | 705,115               | 531,956               |
| <b>Adjustments for:</b>                                |                       |                       |
| Depreciation   | 167,608               | 158,032               |
| Unrealised gains on restatement of Monetary Assets     | (5,360)               | (3,637)               |
| Unrealised loss on restatement of Monetary Liabilities | 9,474                 | 4,304                 |
| Profit on sale of Fixed Assets (net)                   | (5,481)               | (29,955)              |
| Interest Income  | (14,153)              | (19,726)              |
| Dividend Received                                      | (686)                 | (674)                 |
| Interest Expenses                                      | 39,086                | 61,241                |
| Profit on sale of Investment                           | —                     | (10,730)              |
| Operating Profit Before Working Capital Changes        | <u>895,603</u>        | <u>690,811</u>        |
| <b>Movement in Working Capital:</b>                    |                       |                       |
| Decrease/(Increase) in Sundry Debtors                  | (470,628)             | 331,137               |
| Decrease/(Increase) in Inventories                     | (200,832)             | 244,794               |
| Decrease/(Increase) in Loans and Advances              | (24,912)              | 201,575               |
| Increase/(Decrease) in Current Liabilities             | 437,245               | (564,730)             |
| Working Capital Items transferred to POWERCO           | —                     | (200,835)             |
| Cash Generated from Operations                         | <u>636,476</u>        | <u>702,752</u>        |
| Direct Taxes Paid (net of refunds)                     | (224,482)             | (182,615)             |
| <b>Net cash from Operating Activities</b>              | <u><u>411,994</u></u> | <u><u>520,137</u></u> |



| <b>For the year ended 31 December 2000 (Rs in Thousands)</b>  | <b>2000</b>      | <b>1999</b>      |
|---|------------------|------------------|
| <b>B. Cash Flow from Investing Activities:</b>  |                  |                  |
| Purchase of Fixed Assets  | <b>(175,965)</b> | (300,198)        |
| Sale proceeds of Fixed Assets   | <b>14,000</b>    | 75,658           |
| Purchase of Investments   | —                | (100,000)        |
| Deposits with other companies   | —                | 50               |
| Sale/Maturity of investments  | <b>10,009</b>    | 12,115           |
| Interest Received   | <b>5,436</b>     | 19,726           |
| Dividend Received   | <b>686</b>       | 674              |
| <br><b>Extraordinary Item</b>   |                  |                  |
| Assets, Reserves and Liabilities (excluding Cash and Cash equivalents)<br>transferred to POWERCO at their book values as at 1 April 1999 on<br>Demerger of the Power Generation Business of the Company |                  |                  |
| Fixed Assets (net)  | —                | 865,079          |
| Net Current Assets  | —                | 200,835          |
| Loans   | —                | (11,406)         |
| Reserves  | —                | (1,046,854)      |
|   |                  | <u>7,654</u>     |
| <b>Net cash used in Investing Activities</b>  | <b>(145,834)</b> | <b>(284,321)</b> |
| <b>C. Cash Flow from Financing Activities:</b>  |                  |                  |
| Proceeds from new Borrowings  | <b>14,132</b>    | 6,946            |
| Repayment of Borrowings   | <b>(15,923)</b>  | (16,179)         |
| Interest Paid   | <b>(39,871)</b>  | (61,343)         |
| Dividend paid   | <b>(229,872)</b> | (229,872)        |
| <b>Net Cash used in Financing Activities</b>  | <b>(271,534)</b> | <b>(300,448)</b> |
| <b>Net decrease in Cash and Cash Equivalents (A+B+C)</b>  | <b>(5,374)</b>   | <b>(64,632)</b>  |

| <b>As at 31 December 2000 (Rs in Thousands)</b>      | <b>2000</b>           | 1999           |
|--|-----------------------|----------------|
| <b>Cash and Cash Equivalents(Opening Balance)</b>    | <b>184,056</b>        | 248,688        |
| <b>Cash and Cash Equivalents(Closing Balance)</b>    | <b>178,682</b>        | 184,056        |
| <b>Components of Cash and Cash Equivalents as at</b> | <b>31-12-2000</b>     | 31-12-1999     |
| Cash and Cheques on Hand                             | <b>10,611</b>         | 67,482         |
| With Banks – on Current Account                      | <b>279,147</b>        | 477,592        |
| – on Deposit Account                                 | <b>3,227</b>          | 1,585          |
| – on Margin Account                                  | <b>669</b>            | 1,254          |
| – Commercial Paper                                   | —                     | (300,000)      |
| – Cash Credit/Overdraft                              | <b>(114,972)</b>      | (63,857)       |
|  | <u><b>178,682</b></u> | <u>184,056</u> |

#### Notes

- 1 Bank borrowings and commercial paper placed with the banks, relating to working capital requirements are grouped under "Cash and Cash Equivalents" as the same form an integral part of the Company's Cash Management System.
- 2 The figures of the previous year have been regrouped/reclassified, where necessary, to conform with the figures of the current year.

For and on behalf of the Board

|             |                   |
|-------------|-------------------|
| K.N. Shenoy | Chairman          |
| K.K. Kaura  | Managing Director |
| Vijay Karan | Director          |

|                |                         |
|----------------|-------------------------|
| John A. Clarke | Chief Financial Officer |
|----------------|-------------------------|

|                |                   |
|----------------|-------------------|
| A.S. Khandwala | Company Secretary |
|----------------|-------------------|

Mumbai, 21 February, 2001

#### **Auditors' Certificate**

To

The Board of Directors  
Asea Brown Boveri Limited  
Plot No. 22A, Shah Industrial Estate  
1<sup>st</sup> Floor, Off Veera Desai Road  
Andheri (W)  
Mumbai - 400 053

We have examined the attached Cash Flow Statement of Asea Brown Boveri Limited (the Company) for the year ended 31 December 2000. The Statement has been prepared by the Company in accordance with the requirements of listing agreement Clause 32 with Stock Exchanges and is based on and in agreement with the corresponding profit and loss account and balance sheet of the Company covered by our report of even date to the members of the Company.

For Bharat S Raut & Co.  
Chartered Accountants

Pradip Kanakia  
Partner

Bangalore  
21 February, 2001