



Background

ABB's origins in India go back several decades, when Asea set up as an agency in 1928. The company was incorporated in 1949 as the Hindustan Electric Company Limited, and later became Hindustan Brown Boveri Limited (HBB) in 1965. Following the amalgamation with Asea Limited in 1989 it became Asea Brown Boveri Limited and the name was changed to ABB Ltd. in 2003.

ABB is a leader in power and automation technologies that enable utility and industry customers to improve performance while lowering negative environmental impact. The ABB Group of companies operates in around 100 countries and employs around 103,000 people.

ABB India has 8 manufacturing units, 26 marketing offices, 8 service centres and 3 training centres across the country. In addition to these, the company has a channel partner network of around 500 partners to facilitate market penetration for its fast growing standard products and services business. The ABB Group has also established a corporate research base in India which focuses on software development and industrial IT development and deployment. It also helps maintain and support a range of software intensive products and acts as a partner for ABB R&D centres as well as business areas within the group.

ABB India's capital expenditure in 2003 included an investment of US\$ 10.9 million in 2003-04 and the company plans to invest an additional US\$ 17.7 million in 2004-05. ABB presently employs about 3,500 people in India.





Portfolio

ABB is a leading player in power and automation technologies, with a varied range of offerings. ABB's solutions facilitate the flow of electrical power from generating stations, transmitted through cross-country power lines. ABB's distribution systems further help in bringing electric power from high-voltage substations to end-users. ABB delivers end-to-end solutions, playing a key role in electrification and energy projects, both new and retrofit, for urban and rural utilities, as well as for industrial and commercial customers.

The company undertakes turnkey projects, sells products and has an extensive service offering. The Power Technologies division serves electric, gas and water utilities as well as industrial and commercial customers, with a broad range of products, services and solutions for power transmission and distribution. The company's power offerings range from large High Voltage Direct Current (HVDC) and Flexible AC Transmission Systems (FACTS) projects, turnkey substations and switchyard installations to supplying a

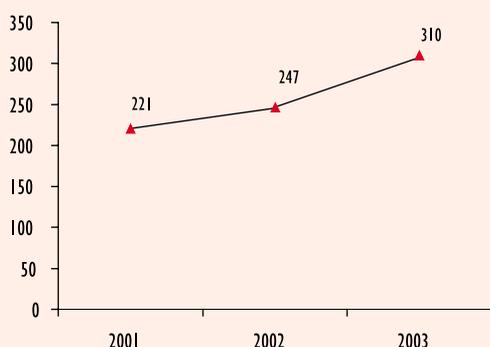
wide range of products like circuit breakers, transformers, capacitors, relays, medium voltage equipment etc.

As part of ABB's global optimisation philosophy, ABB India's state-of-the-art manufacturing facilities in Vadodara and Nashik have been designated as global sourcing bases for 72.5 kV outdoor circuit breakers and 11/33 kV outdoor vacuum/SF6 circuit breakers as well as magnetic actuators and indoor HPA SF6 breakers. The company is further strengthening its market position in the fast-growing power distribution sector with significant orders for traditional equipment as well as expanded offerings such as new products like Ring Main Units (RMUs) and Compact Sub-Stations (CSSs) and SCADA (Supervisory Control and Data Acquisition) to name a few.

The Automation Technologies division serves customers across the industry spectrum of process



Growth in Revenues (US\$ Million)



Source: Annual Statements

manufacturing and consumer industries ranging from automotives, chemicals, consumer electronics, life sciences, manufacturing, marine, metals, minerals, paper, petroleum, turbo charging and utilities. ABB's competitive edge is its unparalleled domain expertise and cutting edge technologies. These include a comprehensive portfolio comprising complete automation, electrics, control, instrumentation, process analysis, drives, motors, power electronics, robots, software, low-voltage products, field maintenance and asset management services to name a few. ABB offers complete solutions, fully integrating industrial processes that are backed by world-class platforms. The offerings include complete electrical, process control & automation and a broad range of software applications. ABB is committed to harnessing the power of information technology, Internet and eCommerce to deliver faster and more effective solutions to its customers. As part of its strategic thrust, the company has been strengthening its standard product business through market penetration and range expansion.

Capacity expansions are underway and several new products have been added to the portfolio, including many new low voltage products and a complete range of household distribution electricals.

Financial Performance

Sales and other income for the year ending 31st Dec 2003 were 25 per cent higher at US\$ 310 million as compared to US\$ 247 million in the previous year. Profit before tax and extraordinary income was significantly higher at US\$ 31.6 million, as compared to US\$ 25.6 million in the previous year. Growth in profit may be attributable to volume growth, higher interest income, and a focused control on overheads. Total orders received during the year were 31 per cent higher as compared to previous years. The order backlog at the end of 2003 increased significantly. Cumulative revenues and profits up to Q3 2004 were US\$ 343.0 million and US\$ 27.7 million respectively.





Factors for success

ABB has had a positive experience in India, and its maxim has been “Think global and act local.” ABB attributes its success in India to the availability of the excellent resources, a competitive manufacturing base as well as a highly developed skill base. The main challenge in India has perhaps been the physical infrastructure.

ABB has taken several initiatives to improve employee productivity, and the results have been very positive, with productivity increasing significantly. Top management (including business and functional heads) of ABB India report to the Country Manager, who in turn reports to the ABB Group Executive Committee and also to the ABB Limited Board of Directors in India, as it is a listed entity. At the same time the businesses and key group functions interface with their respective global counterparts. This organisational structure has allowed ABB in India to take speedy decisions and act with local sensitivities.

Leveraging the India Advantage

India, a global ABB R&D base

ABB's Indian operations are increasingly being leveraged as a regional and global hub for projects, products, services and R&D for the entire ABB Group.

In order to leverage India's intrinsic technology strengths and the vast pool of highly qualified software professionals, ABB has also set up a global Corporate R&D Centre in Bangalore, which focuses on industrial IT development and deployment. It also helps maintain and support a range of software-intensive products and partners with other ABB R&D centres as well as business areas within the group. This was the first such centre to be established outside the US and Europe. The Centre works on high-tech projects and recently one of the projects developed here was rated among the 10 most important to emerge from the ABB labs. The human-machine interface developed here allows work, which earlier took months to be completed, to be done in hours.



The company recently announced a plan to increase the manpower of this R&D centre from 100 to 500. Recently a corporate research centre has also been set up in Nashik for medium voltage power technologies.

India, a sourcing hub

Based on the strategic focus adopted in the last few years, ABB has seen significant growth in orders and revenues from exports. Among the successes in exports are turnkey projects, supply of components and products, as well as engineering and commissioning services to countries across the globe.

The combination of ABB's global know-how and India's highly qualified people enables the Indian subsidiary to produce world-class products. The Indian subsidiary is a 'global' factory for high voltage 72.5 kv circuit breakers, medium voltage outdoor circuit breakers and magnetic actuators. It also exports several other products, including transformers. ABB Group recently announced plans to set up a global

engineering and operations centre in Bangalore, which will serve as a vital resource base for ABB units across the world. The Centre's main scope of operations will include the development and execution of system and engineering solutions to support automation activities across the ABB group.

Future plans

The revival of the Indian economy, the pick up in the global economy, industrial revival, enhanced automation levels, the passing of the Electricity Act 2003, the ongoing Accelerated Power Development and Reforms Programmes (APDRP) being implemented by various Indian states, the growing building and construction activity and growing opportunities for exports are some of the factors that augur well for ABB. ABB is also focusing on several urban and rural electrification projects. On the automation front, increased demand for efficiency, higher levels of automation for globally aspiring Indian plants and of course brownfield and greenfield capacity additions



all augur well for the company in an industrial revival and growth environment

ABB will continue to build on the success of its strategic focus initiatives in value enhancing projects, standard products, services and exports. In addition to increasing market penetration and higher volumes, ABB is also expanding its range of offerings and introducing new revenue streams. Exports from ABB India have been growing steadily and their share of contribution to company volumes has gone up from about 10 per cent to about 20 per cent. The plan is to grow this further to 25 per cent of total revenues by 2005.