

# Independent Auditors' Report

**To the members of ABB Power Products and Systems India Limited.**

**Report on the Audit of the Ind AS financial statements.**

## Qualified opinion

We have audited the accompanying Ind AS financial statements of ABB Power Products and Systems India Limited ("the Company"), which comprise the Balance sheet as at December 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the 'Basis for Qualified Opinion' section of our report, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## Basis for qualified opinion

We draw attention to Note 38 (a) to the accompanying Ind AS financial statements regarding the Scheme of Arrangement ('Scheme') for demerger of the power grid business of ABB India Limited with the Company with an appointed date of April 01, 2019 and approved by the National Company Law Tribunal ('NCLT') vide its order dated November 27, 2019. As per the applicable accounting standard Ind AS 103, since this demerger was a common control business combination, the financial information necessitated restatement by the transferee at carrying amounts not from the appointed date but from the beginning of the preceding period in the financial statements which happens to be the date of incorporation i.e. February 19, 2019. Accordingly, the Company was required as per Ind AS 103 to give effect to the business combination from February 19, 2019 (date of its incorporation). However, the Company had recognized the impact of the business combination only from April 01, 2019 (i.e. the appointed date specified in the scheme) and has not restated and disclosed financial results for the period from February 19, 2019 to March 31, 2019, in the comparative period ended December 31, 2019. However, there is no impact of the same on the Company's Ind AS financial statements of the year ended

December 31, 2020. Our opinion on the current year's statement is qualified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

This matter was also qualified in the comparative period by the preceding auditor.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Ind AS financial statements.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Ind AS financial statements for the financial year ended December 31, 2020. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the 'Basis for Qualified Opinion' section we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matter described below to be the key audit matter to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.