

Business of INABB (“Demerged Undertaking”) and the consequent issuance of equity shares by your Company to the shareholders of INABB as per the share entitlement ratio.

The Scheme was approved by your Board of Directors pursuant to its resolution dated March 5, 2019 and the Board of Directors of INABB pursuant to its resolution dated March 5, 2019. Pursuant to an order dated June 27, 2019, passed by the National Company Law Tribunal, Bengaluru Bench, (“NCLT”), meetings of the equity shareholders and the creditors of INABB were convened. The equity shareholders and the creditors of INABB approved the Scheme at court convened meetings, each held on August 9, 2019. The NCLT approved the Scheme on November 27, 2019. The Appointed Date of the Scheme was April 1, 2019 and the Effective Date was December 1, 2019.

The Scheme provided for the transfer by way of a demerger of the Demerged Undertaking and the consequent issue of equity shares by your Company to the shareholders of INABB in accordance with the share entitlement ratio, and various other matters consequential or integrally connected therewith, including the re-organisation of the share capital of the Transferee, pursuant to Sections 230 to 232 of the Act, the SEBI circulars and in compliance with the Income Tax Act, 1961

6. Board of Directors’ response to observations, qualifications and adverse remarks in Auditor’s Report

The Statutory Auditors (“Auditors”) have qualified their opinion in relation to the matters specified in Notes 38 of the Financial Statements for the year ended December 31, 2020 (“Statements”).

a. 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.

b. 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.

c. Board’s response to qualification in Auditor’s Report:

The Statutory Auditors (“Auditors”) have qualified their opinion in relation to the matters specified in Notes 38 of the Financial Statements for the financial year ended December 31, 2020 (“Statements”). The Board’s response to the qualifications are as follows.

As per the applicable accounting standard Ind AS 103 (‘standard’), since this demerger is a common control business combination, the financial information necessitates restatement by the Company at carrying amounts not from the appointed date but from the beginning of the