

# BSR & Co. LLP

Chartered Accountants

Annexure V

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Inner Ring Road, Koramangala  
Bangalore 560 071 India

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## Auditor's Certificate

To the Board of Directors, ABB India Limited, Bangalore

### Certificate on proposed accounting treatment in the Proposed Scheme of Arrangement in accordance with the provisions of Companies Act, 2013 (the 'Act')

We, BSR & Co. LLP, the statutory auditors of ABB India Limited (hereinafter referred to as "the Company" or "the Transferor Company") have been requested to examine the accounting treatment specified in the draft Scheme of Arrangement (the "Proposed Scheme") between the Company and ABB Power Products and System India Limited (ABB Power) (hereinafter referred to as "the Resultant Company") and their respective Shareholders and creditors, ("Proposed Scheme") in conformity with the provisions of Section 230 to 232 of the Companies Act, 2013 (the Act), other applicable provisions of the Act and the requirements of the SEBI Circular No. CFD/DIL3/CIR/20 17/21 dated 10 March 2017 issued under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Regulations'), with reference to its compliance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rule, 2015 and other generally accepted accounting principles in India ('applicable accounting standards'). This certificate is issued in accordance with the terms of our engagement letter dated 2 March 2019.

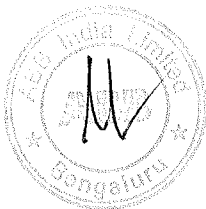
### Management's Responsibility

The responsibility for the preparation of the Proposed Scheme and its compliance with the relevant laws and regulations, including the applicable accounting standards, is that of the Board of Directors of the companies involved. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Proposed Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

The Management is also responsible for ensuring that the Company complies with the requirements of the Companies Act, 2013 and SEBI Regulations and to provide all relevant information to The Securities and Exchange Board of India, Bombay Stock Exchange Limited and National Stock Exchange of India Limited and the National Company Law Tribunal.

### Auditors' Responsibility

Pursuant to the requirements of the Companies Act, 2013 and SEBI Regulations, our responsibility is to provide a reasonable assurance whether the proposed accounting treatment specified in Clause 18 of the Proposed Scheme complies with the applicable accounting standards. Nothing contained in this certificate, nor anything said or done in the course of, or in the connection with the services that are subject to this certificate, will extend any duty of care that we may have in our capacity as the statutory auditors to any financial statements of the Company.



BSR & Co. (a partnership firm with  
Registration No. BA61223) converted into  
BSR & Co. LLP (a Limited Liability Partnership  
with LLP Registration No. AAB-8181)  
with effect from October 14, 2013

Registered Office:  
5th Floor, Latha Excelus  
Apala Mills Compound  
R M Joshi Marg, Mahalakshmi  
Mumbai-400 011

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## **B S R & Co. LLP**

We carried out examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### **Opinion**

As per the applicable Indian Accounting Standards/generally accepted accounting principles, an entity is required to account for such demerger on the effective date (i.e. the date on which it loses control of the business). However, as per section 232(6) of the Companies Act, 2013, the Scheme has to provide for an appointed date from which the Scheme shall be deemed to be effective. The Company has accordingly proposed the appointed date as 1 April 2019 as effective date for such demerger, which is different from the effective date.

In our view, read with above, the accounting treatment proposed in the Scheme and as reproduced in Annexure 1 to this report, is in conformity with Indian Accounting Standards/ generally accepted accounting principles.

Additionally, as specified in Clause 18.1 (c) (i) of the Proposed Scheme and on the basis of our examination and according to the information and explanation given to us, we state that the Generally Accepted Accounting Principles in India which include notified Indian Accounting Standards and other applicable requirements of the Companies Act 2013 permit, in case the assets of the Demerged Undertaking transferred exceeds the liabilities and the reserves of the Demerged Undertaking so transferred, then such excess will be debited to the securities premium account and balance, if any will be debited to the capital reserve account of the Transferor Company in accordance with Section 66 (read with section 52 wherever applicable) of the Companies Act, 2013, only if approved by the National Company Law Tribunal ("the NCLT")

In our view, if approved by the NCLT, the aforesaid adjustment/ reduction would be permissible and accordingly the accounting treatment proposed in the Scheme and as reproduced in Annexure 1 to this report, is in conformity with Indian Accounting Standards/ generally accepted accounting principles

A copy of the Proposed Scheme duly authenticated on behalf of the Company is attached herewith.

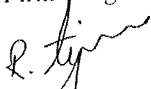
### **Restriction on Use**

This Certificate is issued solely for the purpose of compliance with the Companies Act, 2013 and the SEBI Regulations and for onward submission to The Securities and Exchange Board of India, Bombay Stock Exchange Limited, National Stock Exchange Limited and National Company Law Tribunal and is not suited for any other purpose and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior written consent.

for **B S R & Co. LLP**

*Chartered Accountants*

Firm's registration number: 101248W/W-100022



**Arjun Ramesh**

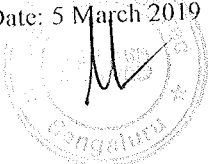
*Partner*

Membership number: 218495

Unique Identification Number: 19218495AAAAAE4706

Place: Bangalore

Date: 5 March 2019



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## Annexure-1

### ACCOUNTING TREATMENT

#### In the books of ABB India Limited

Upon the coming into effect of this Scheme and with effect from the Appointed Date:

- (a) Upon coming into effect of this Scheme, the transfer of the Demerged Undertaking shall be accounted for in the books of the Transferor in accordance with the applicable accounting standards prescribed under Section 133 of the Act and/or as per generally accepted accounting principles.
- (b) The Transferor, as on the Appointed Date shall reduce the carrying value of assets and liabilities as well as the reserves pertaining to the Demerged Undertaking at its carrying values. The reserves of the Demerged Undertaking will be computed based on the net assets of the Demerged Undertaking being transferred in proportion to the net assets of the Retained Business.
- (c) The book values, as on the Appointed Date, of net assets (assets minus liabilities) and reserves as computed in Clause 18.1 (b) above comprised in the Demerged Undertaking transferred to the Transferee shall be accounted for as follows:
  - (i) In case the assets of the Demerged Undertaking transferred exceeds the liabilities and the reserves of the Demerged Undertaking so transferred, then such excess will be debited to the securities premium account and balance, if any will be debited to the capital reserve account.
  - (ii) In case the liabilities and the reserves of the Demerged Undertaking exceeds the assets of the Demerged Undertaking so transferred, then such excess will be credited to the capital reserve account.

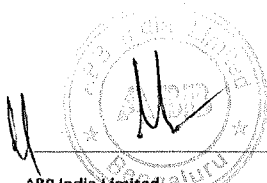
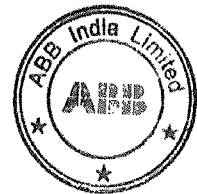


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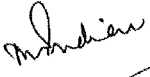
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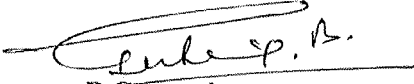
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- (d) The adjustment/utilization of the securities premium account, if any, as stated in Clause 18.1 (c) above and reduction thereof will be effected as a part of the Scheme, in accordance with Section 52 of the Act and the Sanction Order shall be deemed to be also the order under the applicable provisions of the Act, for confirming the utilization / reduction of the securities premium account. The reduction in the securities premium account of the Transferor, shall be effected as an integral part of the Scheme, without any further act, instrument or deed on the part of the Transferor or its shareholders and without any approval or acknowledgment of any third party and provisions of Section 66 of the Act shall not require to be followed for such reduction. It is expressly clarified that the consent of the shareholders and the creditors of the Transferor to the Scheme shall be deemed to be sufficient for the purposes of effecting the above reduction of the securities premium account of the Transferor.

**For ABB India Limited**

  
**Sridhar TK**  
Authorized Signatory

  
**B. Gururaj**  
Authorized Signatory

Place: Bengaluru  
Date : 1 March 2019

