


5 March 2019


 MARCH 5, 2019

To
 The Board of Directors
ABB India Limited
 World Trade Centre, 21st Floor Brigade Gateway,
 No. 26/1, Dr. Rajkumar Road,
 Malleshwaram West, Bengaluru – 560055.

Re: Recommendation of share entitlement ratio for the proposed Demerger of Power Grids division of ABB India Limited into ABB Power Products and Systems India Limited

Dear Sirs/Madam,

We refer to the engagement letter ("EL") dated 23 February 2019 wherein ABB India Limited ("ABB India" or the "Transferor Company" or the "Client") has requested S R B C & CO LLP (hereinafter referred to as "SRB" or "we" or "us") to recommend a share entitlement ratio for the proposed demerger of Power Grids division ("PG division") of ABB India to ABB Power Products and Systems India Limited ("ABB Power" or the "Transferee Company").

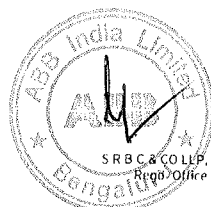
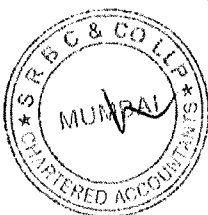
ABB India and ABB Power shall hereinafter be collectively referred to as "Companies".

SCOPE AND PURPOSE OF THIS REPORT

ABB India is engaged in the business of power and automation technology products to utilities, industries, channel partners and Original Equipment Manufacturers worldwide. It was incorporated in 1949 and is based in Bengaluru, India. The equity shares of the Transferor Company have been listed on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Transferor Company was formerly known as ABB Limited and changed its name to ABB India Limited in June 2013. For the calendar year ended 31 December 2018 (CY18), ABB India reported revenues of INR 108,619 million (mn) and profit after tax (PAT) of INR 5,109 mn.

ABB India operates through four divisions and business is primarily classified into the following divisions:

1. The Power Grids division ("PG division") is engaged in the development, engineering, manufacturing and sale of products, systems and projects that relate to the businesses of: (a) power grids automation, (b) power grids integration, (c) high voltage products, and (d) transformers, in each case, carried on by the Transferor Company.
2. The Robotics and Motion segment manufactures motors, generators, drives, and robotics, which provides power, motion and control for a range of automation applications.



S R B C & CO LLP, a Limited Liability Partnership with LLP Identity No. AAB-4318
 Regd. Office : 22, Camac Street, Block 'B', 3rd Floor, Kolkata-700 016

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3. The Electrification Products segment provides a range of digital and connected low and medium-voltage products, including EV infrastructure products, solar inverters, modular substations, distribution automation products, power protection products, wiring accessories, switchgears, enclosures, cables, and sensing and control products.
4. The Industrial Automation division offers products, systems, and services, such as turnkey engineering, control systems, measurement products, life cycle services, outsourced maintenance, and industry specific products for the optimization of the productivity of industrial processes in oil and gas, power, chemicals and pharmaceuticals, pulp and paper, metals and minerals, marine, and turbocharging industries.

"Hereinafter, all the business divisions other than PG division are referred to as Non-PG division"

ABB Power Products and Systems India Limited ("ABB Power") was incorporated on 19 February 2019 as a wholly owned subsidiary of the ABB India. The issued and subscribed equity share capital of ABB Power as at 5 March 2019 was INR 0.1 mn consisting of 0.05 mn equity shares of face value of INR 2 each fully paid up. We have been represented that ABB Power was incorporated specifically for acquiring the PG division on a going concern basis.

We understand that the Management of the Companies intend to demerge the PG division of ABB India into ABB Power ("Proposed Demerger") with effect from 01 April 2019 (Opening of Business Hours) or such other date as the NCLT may direct/ allow ("Appointed Date"). This is sought to be achieved by a Composite Scheme of Arrangement (hereinafter referred to as the "Scheme") under Sections 230-232 and other applicable provisions of the Companies Act, 2013. Under the Scheme, the shareholders of ABB India would be issued equity shares of ABB Power as a consideration for the Proposed Demerger. The equity shares held by ABB India and its nominees in ABB Power shall stand cancelled following the issuance of shares of Transferee Company to the shareholders of the Transferor Company.

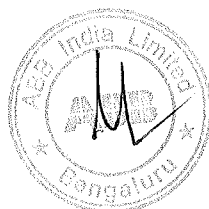
As informed to us, ABB India will file the Scheme before the honourable Bengaluru Bench of the National Company Law Tribunal (NCLT) as per the requirement of the Company Act, 2013, for the approval of the Scheme.

In this connection, we have been requested to recommend the share entitlement ratio for the Proposed Demerger ("Purpose").

This Report is our deliverable in respect of the same.

This Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

This Report has been issued only for the purpose of facilitating the demerger of PG division of ABB India into ABB Power and should not be used for any other purpose.



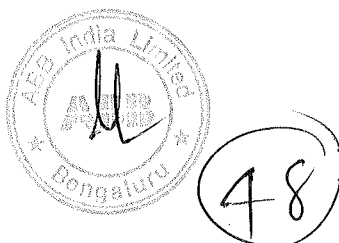
SOURCES OF INFORMATION

The following information, as provided by the Management, verbally or in written form have, inter-alia, been used in the Report:

- 1) With respect to ABB India
 - Audited financial statements (including balance sheets and statement of profit and loss along with notes to account) for the years CY16 and CY17
 - Audited financial statement (Balance sheet and statement of profit and loss) for the year CY18
 - Details of issued share capital along with the shareholding pattern as at 5 March 2019
- 2) With respect to ABB Power
 - Details of issued share capital as at 5 March 2019
- 3) With respect to PG and Non-PG division
 - Historical carved-out financial information (including balance sheets and statement of profit and loss along excluding notes to account) of PG and Non-PG division for the years CY16 to CY18.
- 4) Draft scheme of Arrangement for the Demerger of PG division into ABB Power dated 04 March 2019

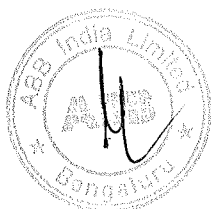
In addition to the above, we have also obtained further explanations and information considered reasonably necessary for our exercise, from the Management of ABB India ("Management").

It may be mentioned that the Management of the Companies have been provided opportunity to review factual information in our draft Report as part of our standard practice to make sure that factual inaccuracies/ omissions/ etc. are avoided in our final Report.



STATEMENT OF LIMITING CONDITIONS

- Provision of share entitlement ratio recommendation and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.
- The recommendation contained herein is not intended to represent the share entitlement ratio at any time other than Record Date as referred to in Scheme.
- This report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the date of this report and (iii) are based on the balance sheet as at 31 December 2018 of ABB India. The Management has represented that the business activity of PG division of ABB India Limited ("ABB India") has been carried out in the normal and ordinary course between 31 December 2018 and the report date and that no material adverse change has occurred in their respective operations and financial position between 31 December 2018 and the report date.
- The recommendation(s) rendered in this Report only represent our views(s) based upon information furnished by the Companies (or their representatives) and publicly available information and the said recommendation(s) shall be considered to be in the nature of non-binding advice. In addition, we express no opinion or recommendation as to how the shareholders of the Companies should vote at any shareholders' meeting(s) to be held in connection with the Proposed Demerger.
- The determination of share entitlement ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single share entitlement ratio. While we have provided our recommendation of the share entitlement ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the share distribution ratio of the equity shares of ABB India. The final responsibility for the determination of the share entitlement ratio at which the proposed demerger shall take place will be with the Board of Directors who should take into account other factors such as their own assessment of the proposed Demerger and input of other advisors.
- In accordance with our terms of our engagement and in accordance with the customary approach adopted in such exercises, we have not audited, reviewed or otherwise investigated the financial information provided to us. Accordingly, we do not express any opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements.
- Also, with respect to explanations and information sought from ABB India, we have been given to understand by the ABB India that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusions are based on the assumptions and information given by/on behalf of ABB India.
- The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all their areas of operations unless otherwise stated, and that they will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues



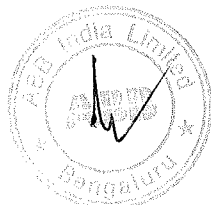
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of legal title and compliance with local laws, and litigation and other contingent liabilities that are not disclosed in the audited financial statements of the Companies.

- We are not advisors with respect to legal, tax and regulatory matters for the Demerger.
- This Report does not look into the business/ commercial reasons behind the Proposed Demerger nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Demerger as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. This Report is restricted to recommendation of share entitlement ratio only. Its suitability and applicability of any other use has not been checked by us.
- No investigation of ABB India's claim to title of assets has been made for the purpose of this report and the ABB India's claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.
- We owe responsibility to the Transferor Company only which has appointed us under the terms of our agreement and nobody else. We do not accept any liability to any third party in relation to the issuance of this Report. The fee for the Engagement is not contingent upon the results reported.
- This Report is subject to the Laws of India.
- Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than for submission to NCLT, other regulatory authorities and for inspection by shareholders in connection with the Proposed Demerger including the proposed Scheme, without our prior written consent.

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EQUITY SHARE CAPITAL OF THE COMPANIES

ABB India Limited

The issued and subscribed equity share capital of ABB India as at 5 March 2019 is INR 423.8 mn consisting of 211.9 mn equity shares of face value of INR 2 each fully paid up. The shareholding pattern is as follows:

Equity shareholding pattern of ABB India as at 5 March 2019

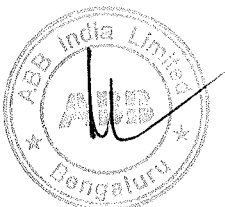
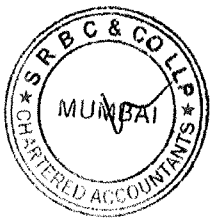
Shareholder	Number of shares	Holding
ABB Asea Brown Boveri Limited – the holding company	158,931,281	75.0%
Public shareholders	52,977,094	25.0%
Total	211,908,375	100.0%

Source: Management

We further understand from the Management that ABB Asea Brown Boveri Limited is part of ABB group.

The Management has represented that there are no outstanding stock options/ warrants/ security/ convertible instruments, etc. issued or granted by ABB India as at the date of issue of this Report, which would impact the number of equity shares of ABB India. Further, the Management has confirmed that there will be no change in the shareholding pattern of ABB India on account of allotment / issue of any shares till the demerger becomes effective.

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ABB Power Products and Systems India Limited

ABB Power was incorporated on 19 February 2019 as a wholly owned subsidiary of the ABB India. The authorised share capital of this company is INR 0.5 mn consisting of 250,000 Equity Shares of INR 2 per share. The issued, subscribed and paid-up share capital of ABB Power as at 5 March 2019 comprised of equity share capital of INR 0.1 mn consisting of 0.05 mn equity shares of INR 2 each fully paid up. The shareholding pattern is as follows:

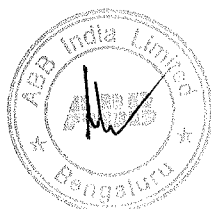
Equity shareholding pattern of ABB Power as at 5 March 2019

Shareholder	Number of Shares	Percentage Holding
ABB India Limited	49,994	99.99%
Nominees of ABB India Limited	6	0.01%
Total	50,000	100.00%

Source: Management

The Management has represented that there are no outstanding stock options/ warrants/ security/ convertible instruments, etc. issued or granted by ABB Power as of the date of issue of this Report, which would impact the number of equity shares of ABB Power. Further, the Management has confirmed that there would be no change in the shareholding pattern of ABB Power on account of allotment/ issue/ transfer of any share/ stock options/ warrants/ security/ convertible instruments till the demerger becomes effective.

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FAIR BASIS OF DEMERGER

We understand that, as part of the Scheme, PG division of ABB India is proposed to be demerged into ABB Power. It can be seen that ABB Power is not engaged in any operations and ABB India holds 100% shares of ABB Power. The Scheme provides for suitable increase of authorized share capital to issue shares to shareholders of ABB India. Once the Scheme is implemented, all the shareholders of ABB India would also become the shareholders of ABB Power, and their shareholding in ABB Power would mirror their shareholding in ABB India. The effect of the demerger is that each shareholder of ABB India becomes the owner of shares in two companies instead of one company either directly, or, in case of fractional entitlements, through a Trust mechanism, as explained in the Scheme.

Based on the above provision in the Scheme, the percentage holding of a shareholder in ABB (post the demerger) and in ABB Power would remain unchanged from the proportion of capital held by such shareholder in ABB India (either directly, or, in case of fractional entitlements, through a Trust mechanism, as explained in the Scheme).

Given the above context, any entitlement ratio can be considered fair for the above demerger including the entitlement ratio proposed below.

Basis of Demerger

In arriving at the share entitlement ratio, we have considered the internationally accepted approaches to valuation. Of the three internationally accepted approaches to valuation, namely Income approach, Market approach and Asset approach, the Asset approach (Net Asset Value method) is the most appropriate for arriving at share entitlement ratio in demerger, being primarily used for determining the capital structure of the resulting and demerged entities. Hence, the NAV method has been considered here.

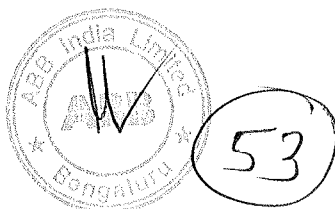
The ratio as arrived by NAV method has been suitably modified to avoid/reduce fractional holding as much as possible.

Net Asset Value Ratio

Particulars	PG division	Non-PG division	ABB India
NAV (Based on Balance Sheet as at 31 December 2018) (₹ mn)	6,794.9	33,278.2	40,073.1
% of ABB India	17.0%	83.0%	100.0%
Number of shares (mn)			211.9

Note: Management has informed us that there were no material changes in the balance sheet position between 31 December 2018 and 5 March 2019.

Considering that, under the demerger, shareholders will be issued shares for, and not in exchange of their shareholding in ABB India, an entitlement ratio based on NAV would be 1:4.9. However, as this would lead to significant fractional holdings, we have rounded up to 1:5.



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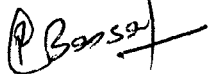
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CONCLUSION

In the light of the above and on a consideration of all the relevant factors and circumstances, we recommend a ratio of **1 (One)** equity shares of INR 2 each fully paid up of ABB Power for, not in exchange of but in addition to, every **5 (Five)** equity shares of ABB India of INR 2 fully paid up.

It should be noted that we have examined the share entitlement ratio for the Proposed Demerger and not examined any other matter including economic rationale for the demerger per se or accounting, legal or tax matters involved in the Proposed Demerger.

Yours faithfully,
SRBC & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/ E300003



Ravi Bansal
Partner
Membership No: 049365
Place: Dubai
Date: 5 March 2019



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Annexure A: Valuation of PG division as on 31 December 2018 as per NAV method

Net Asset Value of PG division as on 31 December 2018

Currency: INR mn	Dec 18	Dec 18
Net block of fixed assets		4,039.0
Goodwill		318.0
Current assets		
Inventories	4,193.6	
Sundry debtors	13,999.5	
Cash and bank balances	-	
Loans and advances	131.6	
Other current assets	5,405.1	
	23,729.9	
Current liabilities & provisions		
Trade payables	11,805.8	
Current liabilities	7,861.3	
Provisions	1,560.3	
	21,227.4	
Net current assets (NCA)		2,502.5
Borrowings		64.6
Net equity value		6,794.9

Source: Management

Note: Net Asset Value has been computed based on the published segmental financials which are part of the Financial Statement as at 31 December 2018 of ABB India Limited.



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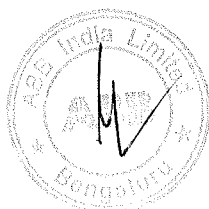
Annexure B: Valuation of Non-PG division of ABB India as on 31 December 2018 as per NAV method

Net Asset Value of Non-PG division as on 31 December 2018

Currency: INR mn	Dec 18	Dec 18
Net block of fixed assets		9,615.8
Goodwill		146.2
Investments		1.6
Current assets		
Inventories	9,278.4	
Sundry debtors	16,868.8	
Cash and bank balances	14,750.7	
Loans and advances	262.6	
Other current assets	10,672.7	
	51,833.2	
Current liabilities & provisions		
Trade payables	18,744.9	
Current liabilities	8,019.2	
Provisions	2,683.9	
	29,448.0	
Net current assets (NCA)		22,385.2
Deferred tax asset		1,149.6
Borrowings		20.3
Net equity value		33,278.2

Source: Management

Note: Net Asset Value has been computed based on the published segmental financials which are part of the Financial Statement as at 31 December 2018 of ABB India Limited.



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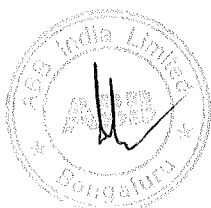
Annexure C: Valuation of ABB India as on 31 December 2018 as per NAV method

Net Asset Value of ABB India as on 31 December 2018

Currency: INR mn	Dec 18	Dec 18
Net block of fixed assets		13,654.8
Goodwill		464.2
Investments		1.6
Current assets		
Inventories	13,472.0	
Sundry debtors	30,868.4	
Cash and bank balances	14,750.7	
Loans and advances	394.2	
Other current assets	16,077.8	
	75,563.1	
Current liabilities & provisions		
Trade payables	30,550.7	
Current liabilities	15,880.4	
Provisions	4,244.2	
	50,675.4	
Net current assets (NCA)		24,887.7
Deferred tax asset		1,149.6
Borrowings		84.9
Net equity value		40,073.1

Source: Management

Note: Net Asset Value has been computed based on the published segmental financials which are part of the Financial Statement as at 31 December 2018 of ABB India Limited.



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B. B. & Associates
Chartered Accountants

[Signature]
5 MARCH 2019

4445/9, Jai Mata Market
Tri Nagar
New Delhi- 110035
Tel: +91-11-27 393 393

March 4, 2019

The Board of Directors

ABB India Limited

World Trade Centre, 21st Floor Brigade Gateway,

No. 26/1, Dr. Rajkumar Road,

Malleshwaram West, Bengaluru – 560055.

Re: Recommendation on share entitlement of the shareholders' of ABB India Limited pursuant to the Scheme of Arrangement (hereinafter referred as 'Demerger Scheme') of its Power Grids ('PG') division into ABB Power Products and Systems India Limited

Dear Sir/Madam,

We refer to the engagement letter ("EL") dated February 25, 2019 whereby the management of ABB India Limited ("ABB India" or the "Demerged Company" or the "Client") has appointed B. B. & Associates (hereinafter referred to as "BBA", "we" or "us") to recommend the share entitlement ratio for the proposed transaction involving demerger of PG division (as described in the report in para 3) of ABB India to ABB Power Products and Systems India Limited ("ABB Power" or the "Resulting Company").

BBA has been hereafter referred to as 'Valuer' or 'we' in the Share Entitlement Ratio Report ('Report').

1. Purpose of this report:

ABB India has proposed to demerge its PG division into ABB Power. It has been proposed that ABB Power shall issue equity shares to the equity shareholders of ABB India in consideration of receipt of PG division from ABB India.

The purpose of this report is to recommend the share entitlement for the shareholders' of ABB India, pursuant to the proposed demerger of its PG division into ABB Power.

This Report is subject to the caveats, limitations and disclaimers detailed hereinafter.



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2. Background of the Companies

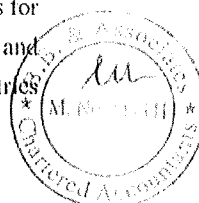
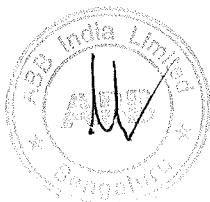
ABB India Limited

ABB India was incorporated as a limited liability company on December 24, 1949 with the Registrar of Companies, Bangalore, Karnataka. The Corporate Identification Number of the ABB India is L32202KA1949PLC032923. Its registered office is situated at 21st Floor, World Trade Center, Brigade Gateway, No.26/1, Dr. Rajkumar Road, Malleshwaram West, Bangalore, Karnataka - 560055. The present directors of the companies are as under:

Name	DIN/PAN	Designation
Renu Sud Karnad	00008064	Director
Darius Erach Udawadia	00009755	Director
Nasser Mukhtar Munjee	00010180	Director
Tarak Bhadresh Mehta	06995639	Director
Sanjeev Sharma	07362344	Managing Director
Jean Christophe Georges Deslarzes	08064621	Director

ABB India is engaged in the business of providing power systems and automation technology products to utilities, industries, channel partners and Original Equipment Manufacturers ('OEMs') worldwide. The business of ABB India can be classified as under:

- Power Grids Business:** ABB India is engaged in the development, engineering, manufacturing and sale of products, systems and projects that relate to the businesses of power Grids automation, power Grids integration, high voltage products and transformers etc. This business is herein referred as Power Grids Division ('PG Division'); and
- Other Businesses:** ABB India is also engaged in the business of (i) manufacturing of motors, generators, drives and robotics ('Robotics and Motion Business'); (ii) designing and manufacturing of electrification products such as EV infrastructure products, solar inverters, modular substations, distribution automation products, power protection products, wiring accessories, switchgears, enclosures, cables, and sensing and control products ('Electrification Products Business'); (iii) providing control systems, measurement products, life cycle services, turnkey engineering services, outsourced maintenance services, and industry specific products for the optimization of the productivity of industrial processes in oil and gas, power, chemicals and pharmaceuticals, pulp and paper, metals and minerals, marine, and turbocharging industries ('Industrial Automation'). These businesses are collectively referred as 'Non-PG division'.



B. B. & Associates

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For the calendar year ended 31 December 2018, ABB India has reported revenues of Rs 108,619 million (mn).

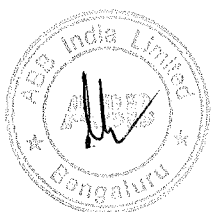
The equity shares of ABB India are listed on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

The capital structure of ABB India is as under:

Particulars	No. of shares	Amount (in Rs)
Issued, subscribed and paid up share capital		
- Equity Shares of face value Rs 2 each	211,908,375	423,816,750
Total →		423,816,750

The Management has represented that there are no outstanding stock options/ warrants/ security/ convertible instruments, etc. issued or granted by ABB India as at the date of issue of this Report, which would impact the number of equity shares of ABB India. Further, the Management has confirmed that there will be no change in the shareholding pattern of ABB India on account of allotment/ issue of any shares till the demerger becomes effective.

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ABB Power Products and Systems India Limited

ABB Power was incorporated on February 19, 2019 with the Registrar of Companies, Bangalore, Karnataka. The Corporate Identification Number of ABB Power is U31904KA2019PLC121597. The registered office of ABB Power is situated at 21st Floor, World Trade Center, Brigade Gateway, No.26/1, Dr. Rajkumar Road, Malleshwaram West, Bangalore, Karnataka - 560055. The present directors of ABB Power are as under:

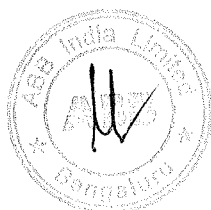
Name	DIN/PAN	Designation
Mr. Gururaj Bhujangarao	00134583	Director
Sridhar Krishnaswamy Tyagavalli	06960804	Director
Sanjeev Sharma	07362344	Director

ABB Power is incorporated to acquire PG division of ABB India in the proposed Demerger.

The capital structure of ABB Power is as under:

Particulars	No. of shares	Amount (in Rs)
Issued, subscribed and paid up share capital		
- Equity Shares of face value Rs 2 each	50,000	100,000
Total →		100,000

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B. B. & Associates

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3. Proposed Transaction

We understand that the management of the ABB India and ABB Power agrees to demerge PG division of ABB India into ABB Power ("Proposed Demerger") with effect from April 1, 2019 or such other date as the NCLT may direct ("Appointed Date"). This is sought to be achieved by a Composite Scheme of Arrangement (hereinafter referred to as the "Demerger Scheme") under Sections 230-232 and other applicable provisions of the Companies Act, 2013. Under the Scheme, the shareholders of ABB India would be issued equity shares of ABB Power as a consideration for the Proposed Demerger.

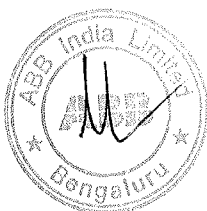
As informed to us, ABB India will file the Demerger Scheme before the honourable Bengaluru Bench of the National Company Law Tribunal ("NCLT") as per the requirement of the Company Act, 2013, for the approval of the Scheme.

4. Source of Information

In connection with this exercise, we have used the following information received from the management, and/or gathered from public domain:

1. Shareholding pattern of ABB India as at March 4, 2019;
2. Information on business of ABB India provided by the management;
3. Audited financial statement (Profit and loss account and Balance sheet statement along with notes to account) for the years ended December 2016 and December 2017;
4. Audited financial statement (Profit and loss account and Balance sheet statement) for the year ended December 2018;
5. Historical carved-out financial information (Profit and loss account and Balance sheet statement excluding notes to account) of PG division for the years ended December 2016, December 2017 and December 2018;
6. Draft scheme of Arrangement for the Demerger of PG division into ABB Power;
7. Shareholding pattern of ABB Power as at March 4, 2019;
8. In addition to the above, we have also obtained such other explanations and information which were considered relevant for the purpose of our analysis.

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5. Caveats, Limitations and Disclaimers

This report, its contents and the results herein (i) are specific to the purpose of recommendation(s) as per the terms of engagement; (ii) are specific to the recommendation date; and (iii) are based on the data detailed in the section – Sources of Information. An analysis of this nature is necessarily based on the information furnished by the ABB India (or their representatives) and publicly available information. The said recommendation(s) shall be considered to be in the nature of non-binding advice (our recommendation will however not to be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).

The determination of Share Entitlement Ratio is not a science. The conclusion arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no single undisputed Share Entitlement Ratio. While we have provided our recommendation of the Share Entitlement Ratio based on the information available to us and within the scope of our engagement, others may have a different opinion. The final responsibility for the determination of the Share Entitlement Ratio at which the proposed transaction shall take place will be with the Board of Directors of ABB India and ABB Power who should take into account other factors such as their own assessment of the Proposed Demerger and input of other advisors.

We assume that ABB India and ABB Power fully comply with relevant laws and regulations applicable in all their areas of operations unless otherwise stated, and that these companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has not given consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited financial statements of the Companies.

This Report does not look into the business/ commercial reasons behind the Proposed Demerger nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Demerger as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

This Report is restricted to recommendation of fair share entitlement ratio only. Its suitability and applicability of any other use has not been checked by us.

We owe responsibility to only the Board of Directors of ABB India and ABB Power under the terms of our engagement letter and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other advisor to the companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way



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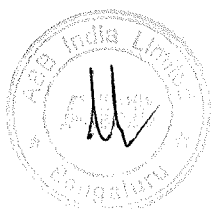
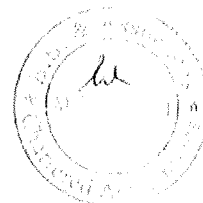
from fraudulent acts, misrepresentatives or wilful default on part of the companies, their directors, employees or agents. We do not accept any liability to any third party in relation to the issuance of this Report.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than for submission to NCLT, other regulatory authorities and for inspection by shareholders in connection with the Proposed Demerger including the proposed Scheme, without our prior written consent.

Provision of share entitlement ratio recommendation and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

The recommendation contained herein is not intended to represent the share entitlement ratio at any time other than March 4, 2019.

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6. Procedures Adopted in Recommending Share Entitlement Ratio

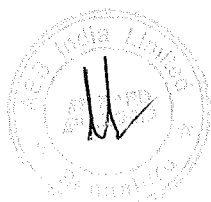
In connection with this exercise, we have adopted the following procedure in recommendation of share entitlement ratio:

- Discussion with ABB India to:
 - Understand the business and fundamental factors that affect its income-generating capability including strengths, weakness, opportunity and threat analysis and historical financial performance of the Power Grids Division
 -
- Undertook Industry Analysis:
 - Research publicly available market data that may impact the share entitlement ratio; and
 - Other publicly available information.
- Analysis of information.

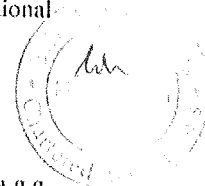
7. Recommendation of Share Entitlement Ratio

From the discussions with the management and from proposed Demerger Scheme to be filed with the authorities, we have observed as under:

- a) ABB Power is the wholly owned subsidiary of ABB India;
- b) upon the draft scheme becoming effective, shareholders of ABB India would be entitled to shares in ABB Power in the same proportion in which they own shares in ABB India (either directly, or, in case of fractional entitlements, through a Trust mechanism, as explained in the Scheme);
- c) upon the draft scheme becoming effective, the beneficial economic interest of the shareholders of ABB India in the paid-up equity share capital of ABB Power would be the same as it is in the paid-up equity share capital of ABB India (either directly, or, in case of fractional entitlements, through a Trust mechanism, as explained in the Scheme);
- d) The equity shares held by ABB India and its nominees in ABB Power will be cancelled upon the draft scheme becoming effective.
- e) The determination of share entitlement ratio would not impact the ultimate value for the shareholders of ABB India and the proposed demerger of the PG division of ABB India into ABB Power will be value neutral to ABB India's shareholders (either directly, or, in case of fractional entitlements, through a Trust mechanism, as explained in the Scheme).



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Therefore, the determination of share entitlement ratio in the instant case is at best an internal arrangement between ABB India, its shareholders and ABB Power and a detailed valuation of the companies to determine the share entitlement ratio would not be relevant in the present case.

In such a situation, we may use the ratios of Net Asset Value ("NAV") of PG division and Non-PG division for computing share entitlement ratio. Further, the ratio may be adjusted to avoid/minimise any fractional holding. We have computed the net assets value ratio as under:

Net Asset Value Ratio

Particulars	PG division	Non-PG division	ABB India
NAV (based on Balance Sheet as at 31 December 2018) (Rs in million)	6,794.9	33,278.2	40,073.1
% NAV	17.0%	83.0%	100.0%
Number of shares (mn)	211.9		

Note: The management of ABB India has represented us that there were no material changes in the balance sheet position between 31 December 2018 and 4 March 2019.

Based on the aforesaid discussion, considering that all shareholders of ABB India are and will, upon demerger, become shareholders of ABB Power, holding beneficial economic interest in the same proportion as they hold in ABB India except in the case of shareholders who would have fractional entitlement, ABB Power may consider issuing one equity share of ABB Power against 4.90 shares held in ABB India. However, to avoid fractional holdings, we recommend that 1 (one) fully paid up equity share of face value of Rs 2/- each of ABB Power should be issued for each every 5 (five) fully paid up equity shares of face value of Rs 2/- each held in ABB India. It is re-emphasized that economic interest of the shareholders is not impacted even when share of ABB Power is issued in the ratio of 5:1, instead of 4.9:1.

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8. Justification of Recommended Share Entitlement Ratio

The recommended share entitlement ratio will not impact the proportionate interest owned by shareholders of ABB India in the net book value of the assets of ABB India and ABB Power.

Pre-demerger

The net book value of the assets owned by a shareholder holding one equity share of Rs 2 of ABB India (prior to demerger) can be computed as under:

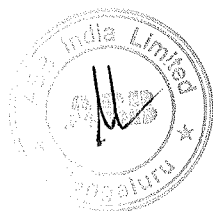
Particulars	ABB India (pre-demerger)
Net Asset Value (as on 31 December 2018) (in Rs millions) (refer annexure 1)	40,073.08
Number of shares (in millions)	211.91
Net Asset Value per share (in Rs)	189.11

Therefore, the shareholder holding one equity share of Rs 2 of ABB India (prior to demerger) owns interest in the net assets value of Rs 189.11.

Post-demerger

The net book value of the assets owned by a shareholder holding one equity share of Rs 2 of ABB India (post demerger) and that owned by a shareholder holding 1 equity share of Rs 2 of ABB Power can be computed as under:

Particulars	Non-PG (post demerger)	ABB Power (post demerger)
Net Asset Value (as on 31 December 2018) (in Rs millions) (refer annexure 2 & 3)	33,278.15	6,794.86
Number of shares (in millions)	211.91	42.38
Net Asset Value per share (in Rs)	157.04	160.33



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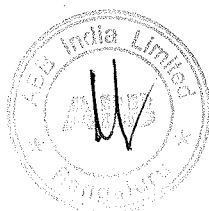
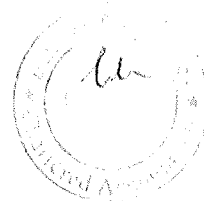
A shareholder holding one equity share of Rs 2 of ABB India (prior to demerger) shall hold (i) one equity share of Rs 2 each of ABB India; and (ii) 0.2 share of Rs 2 each of ABB Power, in view of recommended share entitlement ratio.

Accordingly, the shareholder holding one equity share of Rs 2 of ABB India (prior to demerger) would continue to own net assets value of Rs 189.11 computed as under:

Company	Amount
Net Asset Value of one equity share of ABB India Limited (Post demerger)	157.04
Net Asset Value of 0.2 equity share of ABB Power Products and Systems India Limited (Post demerger)	32.07
Total	189.11

Accordingly, it is evident that aforesaid share entitlement ratio is fair to each of the shareholders of ABB India.

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9. Conclusion

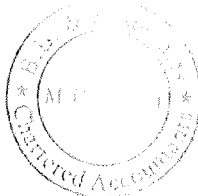
Based on the foregoing, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, pursuant to demerger of PG division of ABB India into ABB Power, we recommend the following share entitlement ratio for consideration by ABB Power to the shareholders of ABB India:

"1 (One) equity share of INR 2 each fully paid up of ABB Power for, not in exchange of but in addition to, every 5 (five) equity shares of INR 2 fully paid up held in ABB India"

For B.B. & Associates

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Firm Registration No: 023670N



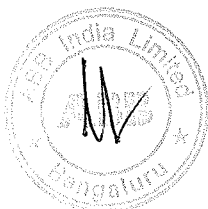
CA Balwan Bansal

IBBI Registration No: IBBI/RV/05/2018/10200

ICAI Membership No: 511341

Place: New Delhi

Date: March 4, 2019



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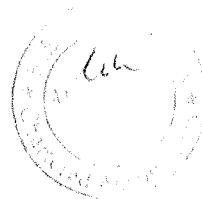
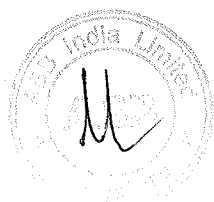
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Annexure 1: Valuation of ABB India as on 31 December 2018 as per NAV method

(INR in million)	
Particulars	Dec-18
Non Current Assets	
Net block of fixed assets	13,655
Goodwill	464
Investments	2
Deferred tax asset	1,150
Current assets	
Inventories	13,472
Sundry debtors	30,868
Cash and bank balances	14,751
Loans and advances	394
Other current assets	16,078
	75,563
Less: Current liabilities & provisions	
Trade payables	30,551
Current liabilities	15,880
Provisions	4,244
	50,675
Borrowings	85
Net equity value	40,073

Note: Net Asset Value has been computed based on the published segmental financials which are part of the Financial Statement as at 31 December 2018 of ABB India Limited.



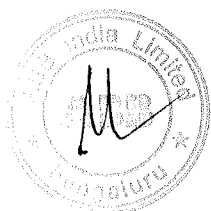
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Annexure 2: Valuation of Non-PG division of ABB India as on 31 December 2018 as per NAV method

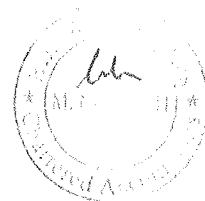
(INR in million)

Particulars	Dec-18
Non Current Assets	
Net block of fixed assets	9,616
Goodwill	146
Investments	2
Deferred tax asset	1,150
Current assets	
Inventories	9,278
Sundry debtors	16,869
Cash and bank balances	14,751
Loans and advances	263
Other current assets	10,673
	51,833
Less: Current liabilities & provisions	
Trade payables	18,745
Current liabilities	8,019
Provisions	2,684
	29,448
Borrowings	20
Net equity value	33,278

Note: Net Asset Value has been computed based on the published segmental financials which are part of the Financial Statement as at 31 December 2018 of ABB India Limited.



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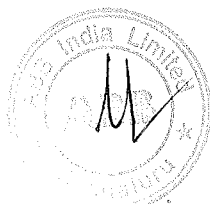
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Annexure 3: Valuation of PG division as on 31 December 2018 as per NAV method

(INR in million)

Particulars	Dec-18
Non Current Assets	
Net block of fixed assets	4,039
Goodwill	318
Current assets	
Inventories	4,194
Sundry debtors	14,000
Cash and bank balances	-
Loans and advances	132
Other current assets	5,405
	23,730
Less: Current liabilities & provisions	
Trade payables	11,806
Current liabilities	7,861
Provisions	1,560
	21,227
Borrowings	65
Net equity value	6,795

Note: Net Asset Value has been computed based on the published segmental financials which are part of the Financial Statement as at 31 December 2018 of ABB India Limited.



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