

An aerial photograph of a town, likely in Denmark, showing residential buildings with red roofs, green trees, and a railway line. The sky is filled with large, white, fluffy clouds. In the top right corner, there is a red rectangular box containing the Danfoss logo and the slogan 'ENGINEERING TOMORROW'.

Danfoss

ENGINEERING
TOMORROW

Danfoss Systems Limited (Formerly Eaton Fluid Power Limited) Member of Danfoss Group

59th Annual Report
For the year ended March 31, 2024

Present Directors

Ravichandran Purushothaman (DIN: 06584433)
Torben Jessen Christensen (DIN: 08005313)
Anders Stahlschmidt (DIN: 08005318)
Binu Antony Kuttickatt (DIN: 10167302)
Prajakta Sangoram (Independent Director) (DIN: 07958834)
Akshay Bhalchandra Purandare (Independent Director) (DIN: 09036987)

Bankers

Citibank N.A.

Statutory Auditors

S R B C & Co LLP
Chartered Accountants

Secretarial Auditors

DVD & Associates
Company Secretaries

Registrar & Transfer Agent

Link Intime India Private Limited
Block No. 202, 2nd Floor,
Akshay Complex, Near Ganesh temple,
Off. Dhole Patil Road, Pune - 411001
Tel: +91-020-26161629/0084
Fax: +91-020 26163503

Registered Office & Head Office

145, Mumbai Pune Road, Pimpri, Pune - 411018, India
Tel: +91-020-66330066/0142

Factory

145, Off Mumbai Pune Road,
Pimpri, Pune - 411018, India
Tel: +91-020-66330066/0142

Sales Offices

A1B1, 3rd Floor, TDI, Plot No. 7,
TDI, Plot No. 7, Jasola,
New Delhi - 110025, India
Tel: +91-011-45851800/58

Matrix Tower, Office No. 203, 2nd Floor,
Block No. D.N. 24, Sector V,
Salt Lake, Kolkata - 700091, India
Tel.: +91-033-40071360/+91-033-40040554/1162

Unit 501, 4th Floor, Prestige Atrium, Central
Street
Shivajinagar, Bangalore - 560001, India
Tel: +91-080-49012200/03

No. 36, Nehru Street,
Off Mahabalipuram Road, Sholinganallur
Chennai - 600119, India
Tel: +91-044-44501500
Fax: +91-044-66501573

D2/2, Block EP & GP, Sector V, Saltlake City,
Bidhan Nagar, North Twenty Four Parganas,
Kolkata, West Bengal - 700091

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NOTICE OF THE MEETING

To the Members of Danfoss Systems Limited (Formerly known as Eaton Fluid Power Limited)

Notice is hereby given that the Fifty-Ninth Annual General Meeting of Danfoss Systems Limited (Formerly known as Eaton Fluid Power Limited) (CIN: U29120PN1965PLC015850) will be held on Thursday, December 26, 2024, at 10.30 AM IST through Video Conferencing ('VC') / Other Audio-Visual Means ('OAVM') to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2024, together with the Auditor's Report and Board's Report thereon.
2. To appoint a director in place of Ravichandran Purushothaman (DIN 06584433) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors and fix their Remuneration.

SPECIAL BUSINESS:

4. **To ratify the remuneration of M/s. C.S. Adawadkar & Co., Cost Accountants, Pune as Cost Auditors for the financial year ending March 31, 2025:**

In this matter, to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), as amended from time to time, the Company hereby ratifies the remuneration of Rs. 3,00,000/- (Rupees Three Lakhs Only) exclusive of out-of-pocket expenses and applicable taxes payable to M/s. C.S. Adawadkar & Co., Cost Accountants, Pune who is appointed by the Board of Directors as Cost Auditors of the Company to conduct cost audit relating to cost records of the Company under the Companies (Cost Records and Audit) Rules, 2014 for the financial year ending March 31, 2025.

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) be and is hereby authorized to take all such steps as may be necessary, proper, and expedient to give effect to this resolution.

RESOLVED FURTHER THAT any of the Directors of the Company be and is hereby severally authorized to take all the steps to give effect to this resolution and to complete the required statutory formalities in this regard."

NOTES:

1. In view of the outbreak of the COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") through various Circulars has permitted the holding of the Annual General Meeting ("AGM") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("the Act"), and MCA Circulars, the 59th (Fifty Ninth) AGM of the Company is being held through VC / OAVM.

2. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 ("the Act"), setting out the material facts relating to special businesses to be transacted at the 59th Annual General Meeting ("AGM"), as set out in this Notice is annexed hereto.
3. The attendance of the Members attending the AGM through VC/OAVM, will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013. Members can attend and participate in the AGM through VC/OACM only.
4. Members are requested to note that the Company's equity shares are under compulsory demat trading for all investors, subject to the provisions of the Companies (Prospectus and Allotment of Securities) Third Amendment Rules, 2018 dated 10.09.2018. Members are, therefore, requested to dematerialize their shareholding to avoid inconvenience.
5. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank details, ECS mandates, email addresses, nominations, power of attorney, change of address/name etc. to their Depository Participant (DP) only and not to the Company or its Registrar and Transfer Agent. Any such changes effected by the DPs will automatically reflect in the Company's subsequent records.
6. Members of the Company holding shares either in physical form or in electronic form as on the cut-off date of Wednesday, December 18, 2024 may cast their vote by remote e-Voting. The remote e-Voting period commences on Monday, December 23, 2024 at 9.00 a.m. (IST) and ends on Wednesday, December 25, 2024 at 5.00 p.m. (IST). The remote e-Voting module shall be disabled by Link Intime India Private Limited for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. The voting rights of the Members (for voting through remote e-Voting before/ during the AGM) shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date of Wednesday, December 18, 2024.
7. CS Devendra V Deshpande, Practicing Company Secretary (FCS:6099, CP:6515) has been appointed as the Scrutinizer to scrutinize the remote e-voting process as well as the e-voting process at the AGM in a fair and transparent manner.
8. The Scrutinizer shall make, not later than 48 hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a Director authorized by him in writing, who shall countersign the same. The Chairman or the authorized Director shall declare the result of the voting forthwith.
9. The results declared along with the Scrutinizer's Report shall be uploaded on the Company's website given below after the same is declared by the Chairman/authorized person
<https://www.danfoss.com/en/about-danfoss/company/financial-information/>
10. In case of joint holders, the Members whose name appear first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
11. Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the Annual General Meeting and hence the Proxy Form, Map for address and Attendance Slip are not annexed to the Notice.
12. Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc.) are required to send a scanned copy (PDF/JPEG Format) of its Board Resolution or governing body Resolution/Authorisation etc., authorising its representative to attend the Annual General

Meeting through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through their registered email address to devendracs@gmail.com with copies marked to the Company at ganapathy@danfoss.com and to its RTA at instameet@linkintime.co.in

13. The Notice of the Annual General Meeting along with the Annual Report for the financial year 2023-24 is being sent only by electronic mode to those Members whose email addresses are registered with the Company/Depositories in accordance with the aforesaid MCA Circulars. Members may note that the Notice of Annual General Meeting and Annual Report for the financial year 2023-24 will also be available on the Company's website <https://www.danfoss.com/en/about-danfoss/company/financial-information/>. Members can attend and participate in the Annual General Meeting through VC/OAVM facility only.
14. The Company has received a letter of approval from Registrar of Companies, Pune for granting extension of time for holding the Annual General Meeting under Section 96 (3) of the Companies Act, 2013
15. **Information and other instructions relating to remote e-voting are as under:**

As per the SEBI circular dated December 9, 2020, individual shareholders holding securities in demat mode can register directly with the depository or will have the option of accessing various ESP portals directly from their demat accounts.

Shareholders are advised to update their mobile number and email Id in their demat accounts to access e-Voting facility.

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Login method for Individual shareholders holding securities in demat mode is given below:

Individual Shareholders holding securities in demat mode with NSDL:

METHOD 1 - If registered with NSDL IDeAS facility

Users who have registered for NSDL IDeAS facility:

- a) Visit URL: <https://eservices.nsd.com> and click on "Beneficial Owner" icon under "Login".
- b) Enter user id and password. Post successful authentication, click on "Access to e-voting".
- c) Click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

OR

User not registered for IDeAS facility:

- a) To register, visit URL: <https://eservices.nsd.com> and select "Register Online for IDeAS Portal" or click on <https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp>
- b) Proceed with updating the required fields.
- c) Post registration, user will be provided with Login ID and password.
- d) After successful login, click on "Access to e-voting".
- e) Click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

METHOD 2 - By directly visiting the e-voting website of NSDL:

- a) Visit URL: <https://www.evoting.nsd.com/>
- b) Click on the "Login" tab available under 'Shareholder/Member' section.
- c) Enter User ID (i.e., your sixteen-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen.
- d) Post successful authentication, you will be re-directed to NSDL depository website wherein you can see "Access to e-voting".
- e) Click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

Individual Shareholders holding securities in demat mode with CDSL:

METHOD 1 – From Easi/Easiest

Users who have registered/ opted for Easi/Easiest

- a) Visit URL: <https://web.cdslindia.com/myeasitoken/Home/Login> or www.cdslindia.com.
- b) Click on New System Myeasi
- c) Login with user id and password
- d) After successful login, user will be able to see e-voting menu. The menu will have links of e-voting service providers i.e., LINKINTIME, for voting during the remote e-voting period.
- e) Click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

OR

Users not registered for Easi/Easiest

- a) To register, visit URL: <https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration> / <https://web.cdslindia.com/myeasitoken/Registration/EasiestRegistration>
- b) Proceed with updating the required fields.
- c) Post registration, user will be provided Login ID and password.
- d) After successful login, user able to see e-voting menu.
- e) Click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

METHOD 2 - By directly visiting the e-voting website of CDSL.

- a) Visit URL: <https://www.cdslindia.com/>
- b) Go to e-voting tab.
- c) Enter Demat Account Number (BO ID) and PAN No. and click on "Submit".
- d) System will authenticate the user by sending OTP on registered Mobile and Email as recorded in Demat Account
- e) After successful authentication, click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

Individual Shareholders holding securities in demat mode with Depository Participant:

Individual shareholders can also login using the login credentials of your demat account through your depository participant registered with NSDL/CDSL for e-voting facility.

- a) Login to DP website
- b) After Successful login, members shall navigate through "e-voting" tab under Stocks option.
- c) Click on e-voting option, members will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting menu.
- d) After successful authentication, click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

Login method for Individual shareholders holding securities in physical form/ Non-Individual Shareholders holding securities in demat mode is given below:

Individual Shareholders of the company, holding shares in physical form / Non-Individual Shareholders holding securities in demat mode as on the cut-off date for e-voting may register for e-Voting facility of Link Intime as under:

1. Visit URL: <https://instavote.linkintime.co.in>
2. Click on "Sign Up" under 'SHARE HOLDER' tab and register with your following details: -

A. User ID:

Shareholders holding shares in physical form shall provide Event No + Folio Number registered with the Company. Shareholders holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID; Shareholders holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID.

B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Shareholders who have

not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

C. DOB/DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)

D. Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company.

Shareholders holding shares in **physical form but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above*

Shareholders holding shares in **NSDL form, shall provide 'D' above*

▶ Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&*), at least one numeral, at least one alphabet and at least one capital letter).

▶ Click "confirm" (Your password is now generated).

3. Click on 'Login' under '**SHARE HOLDER**' tab.

4. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on '**Submit**'.

Cast your vote electronically:

1. After successful login, you will be able to see the notification for e-voting. Select '**View**' icon.
2. E-voting page will appear.
3. Refer the Resolution description and cast your vote by selecting your desired option '**Favour / Against**' (If you wish to view the entire Resolution details, click on the '**View Resolution**' file link).
4. After selecting the desired option i.e. Favour / Against, click on '**Submit**'. A confirmation box will be displayed. If you wish to confirm your vote, click on '**Yes**', else to change your vote, click on 'No' and accordingly modify your vote.

Guidelines for Institutional shareholders ("Corporate Body/ Custodian/Mutual Fund"):

STEP 1 – Registration

- a) Visit URL: <https://instavote.linkintime.co.in>
- b) Click on Sign up under "Corporate Body/ Custodian/Mutual Fund"
- c) Fill up your entity details and submit the form.
- d) A declaration form and organization ID is generated and sent to the Primary contact person email ID (which is filled at the time of sign up). The said form is to be signed by the Authorised Signatory, Director, Company Secretary of the entity & stamped and sent to insta.vote@linkintime.co.in.
- e) Thereafter, Login credentials (User ID; Organisation ID; Password) will be sent to Primary contact person's email ID.
- f) While first login, entity will be directed to change the password and login process is completed.

STEP 2 –Investor Mapping

- a) Visit URL: <https://instavote.linkintime.co.in> and login with credentials as received in Step 1 above.
- b) Click on "Investor Mapping" tab under the Menu Section
- c) Map the Investor with the following details:
 - a. 'Investor ID' -
 - i. *Members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID i.e., IN00000012345678*
 - ii. *Members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID.*
 - b. 'Investor's Name - Enter full name of the entity.
 - c. 'Investor PAN' - Enter your 10-digit PAN issued by Income Tax Department.

- d. 'Power of Attorney' - Attach Board resolution or Power of Attorney. File Name for the Board resolution/Power of Attorney shall be – DP ID and Client ID. Further, Custodians and Mutual Funds shall also upload specimen signature card.
- d) Click on Submit button and investor will be mapped now.
- e) The same can be viewed under the "Report Section".

STEP 3 – Voting through remote e-voting.

The corporate shareholder can vote by two methods, once remote e-voting is activated:

METHOD 1 - VOTES ENTRY

- a) Visit URL: <https://instavote.linkintime.co.in> and login with credentials as received in Step 1 above.
- b) Click on 'Votes Entry' tab under the Menu section.
- c) Enter Event No. for which you want to cast vote. Event No. will be available on the home page of Instavote before the start of remote evoting.
- d) Enter '16-digit Demat Account No.' for which you want to cast vote.
- e) Refer the Resolution description and cast your vote by selecting your desired option 'Favour / Against' (If you wish to view the entire Resolution details, click on the '**View Resolution**' file link).
- f) After selecting the desired option i.e., Favour / Against, click on 'Submit'.
- g) A confirmation box will be displayed. If you wish to confirm your vote, click on 'Yes', else to change your vote, click on 'No' and accordingly modify your vote. (Once you cast your vote on the resolution, you will not be allowed to modify or change it subsequently).

OR

VOTES UPLOAD:

- a) Visit URL: <https://instavote.linkintime.co.in> and login with credentials as received in Step 1 above.
- b) You will be able to see the notification for e-voting in inbox.
- c) Select '**View**' icon for '**Company's Name / Event number**'. E-voting page will appear.
- d) Download sample vote file from 'Download Sample Vote File' option.
- e) Cast your vote by selecting your desired option 'Favour / Against' in excel and upload the same under 'Upload Vote File' option.
- f) Click on 'Submit'. 'Data uploaded successfully' message will be displayed. (Once you cast your vote on the resolution, you will not be allowed to modify or change it subsequently).

Helpdesk:

Helpdesk for Individual shareholders holding securities in physical form/ Non-Individual Shareholders holding securities in demat mode:

Shareholders facing any technical issue in login may contact Link Intime INSTAVOTE helpdesk by sending a request at enotices@linkintime.co.in or contact on: - Tel: 022 – 4918 6000.

Helpdesk for Individual Shareholders holding securities in demat mode:

Individual Shareholders holding securities in demat mode may contact the respective helpdesk for any technical issues related to login through Depository i.e., NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at : 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

Forgot Password:

Individual shareholders holding securities in physical form has forgotten the password:

If an Individual shareholders holding securities in physical form has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the "Forgot Password" option available on the e-Voting website of Link Intime: <https://instavote.linkintime.co.in>

- o Click on '**Login**' under '**SHARE HOLDER**' tab and further Click '**forgot password?**'
- o Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

In case shareholders is having valid email address, Password will be sent to his / her registered e-mail address. Shareholders can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above. The password should contain a minimum of 8 characters, at least one special character (@!#\$%&), at least one numeral, at least one alphabet and at least one capital letter.*

User ID for Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company

User ID for Shareholders holding shares in NSDL demat account is 8 Character DP ID followed by 8 Digit Client ID

User ID for Shareholders holding shares in CDSL demat account is 16 Digit Beneficiary ID.

Institutional shareholders ("Corporate Body/ Custodian/Mutual Fund") has forgotten the password:

If a Non-Individual Shareholders holding securities in demat mode has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the "Forgot Password" option available on the e-Voting website of Link Intime: <https://instavote.linkintime.co.in>

- o Click on '**Login**' under '**Corporate Body/ Custodian/Mutual Fund**' tab and further Click '**forgot password?**'
- o Enter User ID, Organization ID and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

In case shareholders is having valid email address, Password will be sent to his / her registered e-mail address. Shareholders can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above. The password should contain a minimum of 8 characters, at least one special character (@!#\$%&), at least one numeral, at least one alphabet and at least one capital letter.*

Individual Shareholders holding securities in demat mode with NSDL/ CDSL has forgotten the password:

Shareholders who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

Process and manner for attending the General Meeting through InstaMeet:

1. Open the internet browser and launch the URL: <https://instameet.linkintime.co.in> & Click on "Login".

▶ Select the "Company" and 'Event Date' and register with your following details: -

A. Demat Account No. or Folio No: Enter your 16 digit Demat Account No. or Folio No

- Shareholders/ members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID**
- Shareholders/ members holding shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID**
- Shareholders/ members holding shares in **physical form shall provide** Folio Number registered with the Company

B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

C. Mobile No.: Enter your mobile number.

D. Email ID: Enter your email id, as recorded with your DP/Company.

▶ Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).

Instructions for Shareholders/ Members to Speak during the General Meeting through InstaMeet:

1. Shareholders who would like to speak during the meeting must register their request with the company.
2. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.
3. Shareholders will receive "speaking serial number" once they mark attendance for the meeting.
4. Other shareholder may ask questions to the panellist, via active chat-board during the meeting.
5. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

Instructions for Shareholders/ Members to Vote during the General Meeting through InstaMeet:

Once the electronic voting is activated by the scrutinizer during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting "Cast your vote"
2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on 'Submit'.
3. After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.
4. Cast your vote by selecting appropriate option i.e. "Favour/Against" as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Note: Shareholders/ Members, who will be present in the General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/ Members who have voted through Remote e-Voting prior to the General Meeting will be eligible to attend/ participate in the General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to instameet@linkintime.co.in or contact on: - Tel: 022-49186175.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

The Explanatory Statement in terms of the provisions of Section 102(1) of the Act, sets out all material facts relating to the Special Business mentioned in the accompanying Notice for convening the 59th (Fifty-Ninth) Annual General Meeting ("AGM") of Danfoss Systems Limited (Formerly known as Eaton Fluid Power Limited) on Thursday, December 26, 2024 at 10.30 AM (IST):

Item 4:

The Board of Directors of the Company, at its meeting held on September 30, 2024, based on recommendations of the Audit Committee, has appointed M/s. C.S. Adawadkar & Co, Cost Accountants, Pune (Firm Registration Number: 100401), as the "Cost Auditors" of the Company for the Financial Year 2024-25, pursuant to Section 148 and other applicable provisions of the Act, the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014. Pursuant to Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs. 3,00,000/- (Rupees Three Lakhs Only), exclusive of out of pocket expenses and applicable taxes payable if any, payable to the Cost Auditors, as recommended by the Audit Committee and approved by the Board of Directors, shall require subsequent ratification by the Shareholders.

Based on the certification received from the Cost Auditors, it may be noted that:-

- i. the Cost Auditors do not suffer from any disqualifications as specified under Section 141(3) of the Act;
- ii. their appointment is in accordance with the limits specified in Section 141(3)(g) of the Act;
- iii. none of their Partners is in the whole-time employment of any Company; and
- iv. they are an independent firm of Cost Accountants holding valid certificate of practice and are at arm's length relationship with the Company, pursuant to Section 144 of the Act.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the proposed Resolution.

The Board recommends the Ordinary Resolution set forth in Item No. 3 for approval of the Shareholders.

None of the Directors or the Key Managerial person or Manager or relatives are in any way concerned or interested in this resolution except to the extent of their Directorship and membership.

By Order of the Board of Directors

For Danfoss Systems Limited

(Formerly known as Eaton Fluid Power Limited)

Sd/-

Ravichandran Purushothaman

Director

DIN: 06584433

Place: Chennai

Date: November 19, 2024

BOARD'S REPORT

To

The Members,

The Directors are pleased to present the 59th Annual Report of the Company along with the audited financial statements for the financial year ended March 31, 2024.

1. Financial results

Rupees in million

Particulars	2023-24	2022-23
Revenue	5,171.40	4,777.21
Other income	60.54	47.06
Total Income	5,231.94	4,824.27
Expenses		
Operating expenditure	4778.16	4493.24
Depreciation and amortization expense	106.70	85.66
Total expenses	4,884.86	4,578.90
Profit before finance costs and tax	347.08	245.37
Finance costs	56.33	76.11
Profit before tax (PBT)	290.75	169.26
Tax expenses	74.39	59.30
Profit/ (Loss) for the year	216.36	109.96
Total comprehensive income for the year	243.68	101.35
Attributable to:		
Shareholders of the Company		
Non-controlling interests		
Opening balance of retained earnings	640.37	539.02
Closing balance of retained earnings	884.05	640.37

2. Result of Operations and the State of Company's Affairs

During the year under review, the Company's total revenue grew by 8.25% to ₹ 5,171.40 million compared to ₹ 4,777.21 million in the previous year. Profit before tax and exceptional items increased by 71.78% to ₹ 290.75 million.

3. Annual General Meeting

The Annual General Meeting for the financial year ended March 31, 2023 was held on 29th September 2023 through Video Conferencing ('VC') / Other Audio-Visual Means ('OAVM').

The Annual General Meeting for the financial year ended March 31, 2024 will be held on or before 31st December 2024 as the Company has made an application with Registrar of Companies, Pune requesting for an extension of time for holding the AGM on the following grounds:

"The Company foreseen a delay in the preparation and finalization of its annual accounts as during the FY 2023- 24 till 23rd February 2024 Company was using Oracle Software to maintain Financial Books of the Company but from 05th February 2024 the Company has shifted its ERP software to SAP and due to this transition, there will be a delay in preparation and finalization of annual accounts"

The request was approved by the Registrar of Companies, Pune vide their approval order dated 06th September 2024 to hold the AGM before 31st December 2024.

4. Dividend

The directors do not recommend any dividend for the year under review.

5. Transfer to reserves

The Company is not proposing any transfer to the General Reserve for the financial year 2023-24.

6. Eaton's shareholding & Name change & Reduction of Equity Share Capital and exit of non-promoter shareholders

On January 21, 2020, Eaton Corporation Plc. (Ultimate Holding Company) executed a Stock and Asset Purchase Agreement to sell the Hydraulic business to Danfoss A/S, a Danish industrial company. As a part of this global agreement, shares of Eaton Fluid Power Limited (the Hydraulic business entity of Eaton Corporation in India) have been sold by ETN Holding 2 Limited (52.61%) and Eaton Technologies Private Limited (45%) to Danfoss Fluid Power Private Limited (a step-down subsidiary of Danfoss International A/S, Denmark) on 2nd August 2021. Consequently, 97.61% of the shares of the Company are now held by Danfoss Fluid Power Private Limited (Member of Danfoss Group).

The company has changed its name from "EATON FLUID POWER LIMITED" to "DANFOSS SYSTEMS LIMITED" with effect from 27th December 2022 and Company has received a Certificate for change of Name from Registrar of Companies, Pune.

Subsequent to this, with the approval of the Board, the Company has filed an application with the Regional Director, Ministry of Corporate Affairs, Western Region, Mumbai on March 16th, 2024, for Reduction of the paid-up share capital (2.39% held by non-promoter shareholders) of the Company

by Cancelling and extinguishing an aggregate of 166,778 fully paid equity share of face value Rs. 10/- each held by non-promoter shareholders, at a fair value of INR 872.99 per share. and acknowledged by the Regional Director, MCA Western Region, Mumbai on July 09th, 2024 with the direction to apply with Hon'ble National Company Law Tribunal at Mumbai Bench, and the Company's petition no. 48 of 2024 was admitted by the NCLT, Mumbai Bench The non-promoter shareholders exit process is under progress.

7. Extract of annual return

Pursuant to the amendments made on 28th August 2020 under section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, extract of annual return in MGT 9 is not required to be attached.

The annual return will be uploaded in the Danfoss website (<https://www.danfoss.com/en/about-danfoss/company/financial-information/>).

8. Number of meetings of the Board

Four meetings of the Board were held during the year under review and the gap between the two meetings did not exceed one hundred and twenty days:

Sr. No.	Date of the Board Meeting
1.	May 29, 2023
2.	August 28, 2023
3.	December 22, 2023
4.	January 4, 2024

10. Independent Director's Meeting

Independent Director's meeting was held twice as per the below dates for the financial year 2023-24.

Sr. No.	Date of the Meeting
1.	August 16, 2023
2.	January 03, 2024

11. Number of meetings of the Audit Committee

Sr. No.	Date of the Meeting
1.	August 28, 2023

12. Number of meetings of Nomination and Remuneration Committee (Circular Resolution)

Sr. No.	Date of the Meeting
1.	July 18, 2023

13. Number of meetings of the Corporate Social Responsibility Committee

Sr. No.	Date of the Meeting
1.	February 24, 2023
2.	July 09, 2024

There were no meetings held for the Stakeholders Relationship Committee during the year since no grievance was received from shareholders.

14. Composition of Audit Committee as on 31st March 2024

During the year the Audit Committee was reconstituted after the appointment Mr. Akshay Bhalchandra Purandare as an Independent Director of the Company w.e.f. July 19, 2023.

Sr. No.	Name of the Director	Category
1.	Ravichandran Purushothaman	Chairman, Non-executive Director
2.	Prajakta Sangoram	Non-executive, Independent Director
3.	Akshay Bhalchandra Purandare	Non-executive, Independent Director

15. Composition of Stakeholders Relationship Committee as on 31st March 2024

During the year the Stakeholders Relationship Committee was reconstituted after the appointment Mr. Akshay Bhalchandra Purandare as an Independent Director of the Company w.e.f. July 19, 2023.

Sr. No.	Name of the Director	Category
1.	Ravichandran Purushothaman	Chairman, Non-executive Director
2.	Prajakta Sangoram	Non-executive, Independent Director
3.	Akshay Bhalchandra Purandare	Non-executive, Independent Director

16. Composition of Nomination and Remuneration Committee as on 31st March 2024.

During the year the Nomination and Remuneration Committee was reconstituted after the appointment Mr. Akshay Bhalchandra Purandare as an Independent Director of the Company w.e.f. July 19, 2023.

Sr. No.	Name of the Director	Category
1.	Ravichandran Purushothaman	Chairman, Non-executive Director
2.	Prajakta Sangoram	Non-executive, Independent Director
3.	Akshay Bhalchandra Purandare	Non-executive, Independent Director

17. Directors Responsibility Statement

In accordance with provisions of Section 134 (5) of the Companies Act, 2013 your Directors state that:

- a. In the preparation of the annual accounts for the year ended March 31, 2024, the applicable accounting standards read with requirements set out under Schedule III, have been followed and there are no material departures from the same.
- b. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company as of March 31, 2024, and of the profit of the company for the year ended on that date.
- c. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. The Directors have prepared the annual accounts on a going concern basis and.

e. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

18. Statement of declaration given by independent directors

The Company has received the necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013 that the director meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

19. Company's policy on Directors' appointment and remuneration [Sec. 178(3)]

Section 178 of the Companies Act, 2013 ('the Act') requires the Nomination and Remuneration Committee to formulate a Policy relating to the remuneration of the Directors, Key Managerial Personnel (KMP), Senior Management, and other employees of the Company and recommend the same for approval of the Board of Directors of the Company. Further, Section 178(4) of the Act stipulates that the policy shall be disclosed in the Board Report. Moreover, Section 134 of the Act stipulates that the Board's Report shall include a statement on the Company's Policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of director and remuneration for key managerial personnel and other employees.

The Company's Remuneration Policy for Directors, Key Managerial Personnel and other employees is attached as **Annexure A** to this report.

20. Statutory Auditors

The Company has appointed M/s. S R B C & CO LLP, Chartered Accountants (ICAI Firm Registration Number 324982E / E300003) statutory auditors in 54th Annual General Meeting held on 30th September 2019 for a period of 5 years to hold office till the conclusion of the 59th Annual General Meeting. They would retire at the conclusion of the ensuing Annual General Meeting.

The Board of Directors of the company has proposed appointment of M/s. Price Waterhouse Chartered Accountants LLP as statutory auditors in place of retiring Auditors M/s. S R B C & CO LLP, Chartered Accountants at the ensuing Annual General Meeting to hold office from the conclusion of 59th Annual General Meeting for a period of 5 years till the conclusion of the 64th Annual General Meeting of the Company, i.e., for the financials years from 2024-2025 to 2028-2029.

21. Details in respect of frauds reported by auditors under sub-section (12) of section 143 other than those which are reportable to the Central Government

During the year under review, there were no frauds reported by the statutory auditors to audit committee or the Board of Directors of the Company under Section 143(12) of the Companies Act, 2013.

22. Maintenance of cost records

The Company is required to maintain cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 and accordingly such accounts and records are maintained.

23. Cost Auditors

Your Company has appointed M/s. C. S. Adawadkar & Co., Cost Accountants as Cost Auditors of the Company for the financial year 2023-24. No qualifications, reservations, adverse remarks or disclaimers made by the cost auditors in their report for the financial year 2023-24.

24. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules made thereunder, the Company has appointed M/s. DVD & Associates, Company Secretaries to undertake the Secretarial Audit of the Company. The secretarial Audit Report for the financial year 2023-24 issued in the prescribed form MR-3 is annexed to this Report.

No other qualifications, reservations, adverse remarks, or a disclaimer were made by the Secretarial Auditors in their report.

26. Particulars of loans, guarantees, or investments under Section 186 of the Companies Act, 2013

The Company has not given any loans, guarantees or investments covered under Section 186 of the Companies Act, 2013.

27. Contracts and Arrangements with related parties

During the financial year ended March 31, 2024, all the transactions entered with related parties were in ordinary course of business and are at Arm's Length.

The Report of the Board of Directors of the Company contains the following information and details namely:

28. Material changes and commitments between the date of the balance sheet and the date of the report:

No material changes

29. CONSERVATION OF ENERGY

Energy conservation measures taken

- On/off Switch separation done for shop floor lights. Annual energy saving of 5,277 KWH Units.
- IFC Demand controller installed for Air compressor. This has saved 32,000 KWH Units/Year

- 409 KWP Solar Power plant (Roof Top and Ground Mounted) has generated 6,17,109 KWH Green energy in Year 2023-24 and exported 47,790 KWH Units to MSEDCL Grid.
- Optimized compressor usage from 24 Hours to 1 Hour for filter press operation. The adjustment has led to an annual energy saving of 7,920 KWH Units
- Resizing a blower motor from 7.5 HP to 5 HP resulting in annual energy savings of 10,800 KWH Units
- Motion sensors installed for office and washrooms. This has saved annual energy saving of 1,200 KWH Units.

Summary –

- Total Energy Savings through Projects – 57197 KWH Units/Year.
- Green Energy Generation – 617109 KWH and Exported Units 47790 KWH Units/Year

TECHNOLOGY ABSORPTION

- The Company has completed the transition to “One ERP system” from the multiple legacy ERPs. This will help in better control and flow of data and process within the organization and seamless integration with other group companies in Danfoss environment.

30. Foreign exchange earnings and outgo

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows are as follows:

Earnings in foreign currency: INR 1,025.69 million

Expenditure in foreign currency: INR 2,177.16 million

31. Statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company

The Company has instituted adequate internal controls and processes to have a cohesive view of risk identification, optimal risk mitigation responses, and efficient management of internal control and assurance activities. In the opinion of the Board, there are no risks which may threaten the existence of the Company.

32. Corporate Social Responsibility

The Corporate Social Responsibility Committee has formulated and recommended to the Board of Directors of the Company, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board of Directors of the Company.

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken on CSR activities during the year are set out in **Annexure B** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

33. The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in the future

No significant or material orders were passed by the regulators or Courts or Tribunals which impacts the going concern status and the Company's operations.

34. Deposits

The Company has not accepted any deposits from the public and as such, no amount on account of principal or interest on deposits from the public was outstanding as on the date of the Balance Sheet.

35. Particulars of employees

No additional information is required to be disclosed under sub-rule (2) of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time.

36. Secretarial Standards

The Company is in compliance with the Secretarial Standards issued by the Institute of Company Secretaries of India.

37. Status of corporate insolvency resolution process, if any, initiated under insolvency and bankruptcy code, 2016:

Nil

38. Status of corporate actions during the year, if any:

Nil

39. The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the banks or financial institutions along with the reasons thereof

During the year, there has been no one-time settlement of the Loan and therefore this point is not applicable.

40. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy. Internal

Complaints Committee(s) (ICC) has been set up across all its locations in India to redress complaints received regarding sexual harassment. The cases, if any, reported to such Committee(s) are investigated by the respective Committee(s) members and the detailed report thereon is presented to the Board of Directors of the Company on a regular basis. The Board of Directors of the Company confirms that there were no cases filed during the year and there were no pending cases of sexual harassment in the Company as of 31st March 2024.

41. Acknowledgement

Your directors would like to express their sincere appreciation for the assistance and cooperation received from the banks, Government authorities, customers, vendors, and members during the year under review. Your directors also wish to place on record their deep sense of appreciation for the committed services of the Company's executives, staff, and workers.

**By order of the Board
For Danfoss Systems Limited
(Formerly Known as Eaton Fluid Power Limited)**

Sd/-

Ravichandran Purushothaman

DIRECTOR

DIN: 06584433

Date: 19th November 2024

Place: Chennai

Nomination & Remuneration Policy

The Board of Directors of Danfoss Systems Limited (Formerly Eaton Power Fluid Limited) ("the Company"), in view of enforcement of Companies Act, 2013 read with rules framed thereunder designated the Remuneration Committee as "Nomination and Remuneration Committee" at the Meeting held on August 24, 2018 with immediate effect.

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto.

1. DEFINITIONS

Board means Board of Directors of the Company.

Key Managerial Personnel shall have the same meaning as given in Section 203 of the Companies Act, 2013 read with rules framed thereunder.

Senior Management shall mean personnel of the company (which include persons engaged as retainer or on contractual basis) and who are members of its core management team excluding Board of Directors, comprising all members of management one level below the executive directors, including the functional heads.

The words and definitions not described herein above shall have the respective meanings under the Acts and legislations governing the same.

2. TERMS OF REFERENCE/ROLE OF COMMITTEE

The Terms of Reference of the Committee shall be:

- a) To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
- b) To carry out the evaluation of every director's performance.
- c) To formulate the criteria for determining qualifications, positive attributes, and independence of a director.
- d) To recommend to the Board a policy relating to the remuneration of directors, key managerial personnel and other employees.
- e) To ensure that the relationship of remuneration to performance in respect of Directors, Key Managerial Personnel and employees of Senior Management is clear and meets appropriate performance benchmarks.

3. RETIREMENT AGE OF DIRECTORS, KMP AND SENIOR MANAGEMENT PERSONNEL

The KMP and Senior Management Personnel shall retire as per the prevailing HR policy of the Company.

4. DECISION AND VOTING POWERS

All the decisions of the Committee shall be taken by a vote of majority. The Members of the Committee shall be entitled to vote and in case of equality, the Chairman of the Committee shall have a casting vote.

5. COMPOSITION OF COMMITTEE

The Committee shall comprise of at least three Non-Executive Directors, at least half of whom shall be Independent Directors. The Board may appoint the Chairperson of the Company whether executive or non-executive as a member of this committee.

6. CHAIRPERSON

The Chairperson of the Committee shall be Non-Executive Director.

In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one of the Non-Executive Directors amongst them to act as Chairperson.

The Chairperson of the Nomination and Remuneration Committee shall endeavor to be present at the Annual General Meeting.

7. MISCELLANEOUS

A member of the Committee is not entitled to be present when his or her own or his or her relative(s) remuneration is discussed at a meeting or when his or her or his or her relative(s) performance is being evaluated.

The Committee may invite Executive Directors, functional heads and outside experts, as it considers appropriate, to be present at the meetings of the Committee.

The Company Secretary of the Company shall act as Secretary of the Committee.

By order of the Board

For Danfoss Systems Limited

(Formerly known as Eaton Fluid Power Limited)

Sd/-

Ravichandran Purushothaman

Director

DIN: 06584433

Date: 19th November 2024

Place: Chennai

Annual Report on CSR Activities**1. Brief outline of CSR Policy of the Company.**

Your Company is committed to the credence that Public and Community Affairs will enhance Company's global reputation by:

- Making our communities and workplaces better places to live, work and thrive
- Delivering functional excellence by aligning with business plans and the Danfoss Systems Limited framework.
- Creating powerful relationships with community leaders and organizations

In furtherance to this commitment and in compliance with the objectives and requirements set both in Section 135 of the Companies Act 2013 ('Act') and the Rules notified thereunder, the Company has developed its CSR policy. The Company has established a CSR Committee as per the provision of the Companies Act 2013. CSR Committee recommends CSR activities to be undertaken by the Company, to the Board of Directors of the Company as specified in Schedule VII to the Companies Act, 2013.

2. Composition of CSR Committee:

During the year the Corporate Social Responsibility Committee was reconstituted after the appointment Mr. Akshay Bhalchandra Purandare as an Independent Director of the Company w.e.f. July 19, 2023.

Sl. No.	Name of Director	Designation
1	Ravichandran Purushothaman	Chairman & Director
2	Prajakta Sangoram	Independent Director
3	Akshay Bhalchandra Purandare	Independent Director

3. Provide the web-link where the Composition of the CSR committee, CSR Policy, and CSR projects approved by the board are disclosed on the website of the company.

<https://www.danfoss.com/en-in/about-danfoss/csr-at-danfoss-india/>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report):

Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Not Applicable

6. Average net profit of the company as per section 135(5) (calculated for 3 preceding financial years i.e. FY 2020-21, FY 2021-22 and FY 2022-23): Rs. 223.25 Million

7. (a) Two percent of the average net profit of the company as per section 135(5): Rs. 4.47 Million

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Not Applicable

(c) Amount required to be set off for the financial year, if any: Not Applicable

(d) Total CSR obligation for the financial year (7a+7b-7c): INR 4.47 Million

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8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in INR)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per the second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer
INR 4.53 million	NA	NA	NA		

CSR Policy and Projects:

The Committee has formulated a CSR Policy indicating the activities to be undertaken by your Company as per the Companies Act, 2013. It reviews and recommends the amount of expenditure to be incurred on the activities to be undertaken by your Company in addition to monitoring the CSR Policy of your Company from time to time.

CSR Spend:

(a) Details of CSR amount spent against ongoing projects for the financial year: NA

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(d) Amount spent in Administrative Overheads: NA

(e) Amount spent on Impact Assessment, if applicable: NA

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): INR 4.53 million

(g) Excess amount for set off, if any: 0.06 million

Sl. No.	Particular	Amount (in Rs. Million)
(i)	Two percent of average net profit of the company as per section 135(5)	4.47
(ii)	Total amount spent for the Financial Year	4.53

(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.06
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.06

9. (a) Details of Unspent CSR amount for the preceding three financial years: **NA**

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
1.	NA	NA	NA	NA	NA	NA	NA

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs.).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
1	NA	NA	NA	NA	NA	NA	NA	NA

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

(asset-wise details).

- (a) Date of creation or acquisition of the capital asset(s). Not Applicable
- (b) Amount of CSR spent for creation or acquisition of capital asset. Not Applicable
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. Not Applicable
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). Not Applicable

11. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5): Not Applicable

<p>Sd/- Ravichandran Purushothaman (Director) (DIN: 06584433)</p>	<p>Sd/- Binu Antony Kuttickatt (Director) (DIN:10167302)</p>
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**FORM NO. MR-3
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2024

Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the
Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members
Danfoss Systems Limited
(Formerly known as Eaton Fluid Power Limited)
145, Mumbai Pune Road,
Pimpri, Pune - 411 018

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by Danfoss Systems Limited (Formerly known as Eaton Fluid Power Limited) (Hereinafter called "the Company").

The Secretarial Audit was conducted for the period from April 1, 2023 to March 31, 2024, in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances of the Company and expressing our opinion thereon. We have been engaged as Secretarial Auditors of the Company to conduct the Audit of the Company to examine the compliance of Companies Act and the laws specifically listed below.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2024, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2024 according to the provisions of the following list of laws and regulations:

(i) The Companies Act, 2013 (the Act) and the Rules made there under: The Company has satisfactorily complied with the provisions of the Companies Act, 2013 and the Rules made there under except the points mentioned specifically in this report.

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under: The Company is an unlisted Company and therefore provisions of The Securities Contracts (Regulation) Act, 1956 ('SCRA') are not applicable.

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under:

The company is an unlisted public company and around 68,67,502 of the shares are in dematerialised form and the Company has complied with the provisions of The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.

(iv) The Company has satisfactorily complied with the provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings and there are no discrepancies observed by us during the period under review.

(v) The following Regulations and Guidelines (as amended from time to time) prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -

The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the Company during the audit period)**

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - Not Applicable

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; - Not Applicable;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 - Not Applicable;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - Not Applicable;

(e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not Applicable; and

(f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not Applicable;

(g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - Not Applicable;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; - Not Applicable;

The Company is an unlisted Company and therefore provisions of Regulations and Guidelines mentioned above and prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable.

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, the Company has complied with the following laws applicable specifically to the Company:

- a. Bureau of Indian Standards Act, 1986 read with the Bureau of Indian Standards rules, 1987
- b. Batteries (Management & Handling) Rule, 2001, Batteries (Management and Handling), Amendments Rules, 2010
- c. Environment (Protection) Act, 1986 and The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989
- d. Indian Wireless Telegraphy Act, 1933 & The Indian Wireless Telegraph Rules, 1973
- e. The Motor Vehicle Act, 1988 read with Central Motor Vehicle Rules, 1989
- f. Explosive Act, 1884 and Gas Cylinders Rules, 2004
- g. Petroleum Act, 1934 read with Petroleum Rules, 2002
- h. Legal Metrology Act, 2009 read with Maharashtra Legal Metrology (Enforcement) Rules, 2011

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India. The Company has duly complied with the Secretarial Standards as amended for the period under review.

(ii) The Company being an unlisted Company the clauses of Listing agreement / SEBI (Listing Obligations and Disclosure Requirements), 2015 are not applicable.

We further report that: -

There are adequate systems and processes in the company commensurate with its size & operation to monitor and ensure compliance with applicable laws including general laws, labour laws, competition law and environmental laws.

The Board of Directors of the Company is duly constituted as required under the provisions of the Companies Act, 2013. Audit Committee, Nomination & Remuneration Committee, CSR Committee and Stakeholders Relationship Committee has been reconstituted post appointment of Mr. Akshay Purandare as an Independent Director w.e.f. 19/07/2023 and all the committees are duly constituted for the period under review.

Adequate notice is given to all directors about the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting. All decisions at Board Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors

We further report that during the year following major decisions, specific events / actions have occurred which has major bearing on the affairs of the Company in pursuance of above referred laws, rules, regulations, guidelines, standards, etc:

- a. The Company has taken shareholder's approval in the Extra Ordinary General Meeting held on Thursday, 29th February, 2024 for Reduction of Share Capital pursuant to the provisions of Section 66 of the Companies Act, 2013 and has complied with provisions of Companies Act, 2013 and Rules made thereunder. The reduction of the Share Capital is subject to the approval of NCLT and the petition for the same is presented before the NCLT for the approval.
- b. During the year under the review Mr. Binu Antony Kuttickatt was appointed as an Additional Director w.e.f. 24/05/2023 and Mr. Akshay Purandare as an Additional Independent Director w.e.f. 19/07/2023 and further appointed as a Director at the Annual General Meeting held on September 29, 2023.
- c. The Company has obtained shareholders approval in the Annual General Meeting held on 29/09/2023 for the Increase in Borrowing Limits by INR 500 Crores under section 180 (1) (c) of the Companies Act, 2013 in addition to the Existing Borrowing Limit of Rs. 218.30 Crores. Therefore, the total Borrowing Limit under section 180 (1) (c) of the Companies Act, 2013 is Rs. 718.30 Crores.

**FOR DVD & ASSOCIATES
COMPANY SECRETARIES**

Sd/-

DEVENDRA V. DESHPANDE
Proprietor
FCS No. 6099
CP No. 6515
PR No. 1164/2021

DATE: 19/11/2024
PLACE: PUNE
UDIN: F006099F002380944

ANNEXURE A

To,
The Members
Danfoss Systems Limited
145, Mumbai Pune Road,
Pimpri, Pune - 411 018

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**FOR DVD & ASSOCIATES
COMPANY SECRETARIES**

Sd/-

DEVENDRA V. DESHPANDE
Proprietor
FCS No. 6099
CP No. 6515
PR No. 1164/2021

DATE: 19/11/2024
PLACE: PUNE
UDIN: F006099F002380944

INDEPENDENT AUDITOR'S REPORT

To the Members of Danfoss Systems Limited (formerly known as Eaton Fluid Power Limited)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Danfoss Systems Limited (formerly known as Eaton Fluid Power Limited) ("the Company"), which comprise the Balance sheet as at March 31 2024, 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 financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 March 31, 2024, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the 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 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 ('ICAI') 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 audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement

of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting

estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor’s Report) Order, 2020 (“the Order”), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the “Annexure 1” a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except that the Company does not have server physically located in India for the daily backup of the books of account and other books and papers maintained in electronic mode and except for the matters stated in the paragraph (i)(vi) below on reporting under Rule 11(g);
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph (b) above on reporting under Section 143(3)(b) and paragraph i(vi) below on reporting under Rule 11(g), as described in note 37 to the financial statements;
- (g) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;
- (h) In our opinion, the managerial remuneration for the year ended March 31, 2024 has been paid by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (i) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer note 29 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv.
 - a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
 - v. No dividend has been declared or paid during the year by the Company.

- vi. The Company has migrated to a new accounting software during the year. The audit trail feature in respect of old accounting software was not enabled, as described in note 38 to the financial statements. Based on our examination which included test checks, the new accounting software has a feature of recording audit trail (edit log) facility and the same has operated from February 04, 2024 for all relevant transactions recorded in the software except that, audit trail feature is not enabled for certain changes made, if any, using privileged/ administrative access rights. Refer note 38 to the financial statements for details. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with, in respect of new accounting software where the audit trail has been enabled.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm registration number: 324982E/E300003

Sd/-

per Tridevlal Khandelwal

Partner

Membership number: 501160

UDIN: 24501160

Place of signature: Pune

Date: November 19, 2024

Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date

Re : Danfoss Systems Limited (formerly known as Eaton Fluid Power Limited) (the “Company”)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i)

(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.

(B) The Company has maintained proper records showing full particulars of intangibles assets.

(b) All Property, Plant and Equipment were physically verified by the management in the current year in accordance with a planned program of verifying them once in three years which is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

(d) The Company has not revalued its Property, plant and equipment (including Right-of-use assets) or intangible assets during the year ended March 31, 2024.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii)

(a) The inventory has been physically verified by the management during the year except for inventories lying with third parties. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2024.

(b) The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.

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(iii)

(a) During the year the Company has provided loans/ advances in the nature of loans to its employees as follows:

(Amount in INR million)

	Guarantees	Security	Loans	Advances in nature of loans
Aggregate amount granted/ provided during the year				
- Subsidiary	-	-	-	-
- Joint ventures	-	-	-	-
- Associates	-	-	-	-
- Others (employees)	-	-	0.45	1.42
Balance outstanding as at balance sheet date in respect of above cases				
- Subsidiary	-	-	-	-
- Joint ventures	-	-	-	-
- Associates	-	-	-	-
- Others (employees)	-	-	1.41	0.23

The Company has not provided any other loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties other than those disclosed above.

(b) During the year, the terms and conditions of the grant of all loans and advances in the nature of loans, to its employees are not prejudicial to the Company's interest.

(c) The Company has granted loans and advance in the nature of loans during the year to its employees where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular.

(d) There are no amounts of loans and advances in the nature of loans granted to employees which are overdue for more than ninety days.

(e) There were no loans or advance in the nature of loan granted to any other parties which was fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

- (iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 ('Act') are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the manufacture of machinery and other components, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii)
 - (a) Undisputed statutory dues including provident fund, profession tax, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other statutory dues applicable have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) The dues of income-tax, excise, central sales tax (CST) and value added tax (VAT) have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (INR millions) #*	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	CENVAT credit not reversed on various items.	3.55	FY 2001-02 and FY 2003-04	CESTAT
	Disallowance of CENVAT credit on Job work, canteen recovery etc.	53.34	FY 2008-09 to FY 2012-13 and FY 2016-17	CESTAT
Central Sales Tax Act, 1956 (CST) / Bombay Sales Tax Act, 1959 (BST)	Liability for non-submission of various forms and various other matters.	1.83	FY 2017-18	Joint Commissioner of Sales Tax
	Liability for non-submission of various forms and various other matters.	1.47 (Net of amount paid under protest)	FY 2012-13	The Maharashtra Sales Tax Tribunal

Name of the statute	Nature of dues	Amount (INR millions) #*	Period to which the amount relates	Forum where dispute is pending
		amounting to INR 0.21 million)		
Maharashtra Value Added Tax Act, 2002 (MVAT)	Liability for value added tax payable being set off under rule 52 of MVAT rules and other disallowances.	0.32	FY 2017-18	Joint Commissioner of Sales Tax
	Liability for disallowance of set off and other disallowances.	4.36 (Net of amount paid under protest amounting to INR 1.97 million)	FY 2009-10 and FY 2011-12	The Maharashtra Sales Tax Tribunal
Income Tax Act, 1961	Disallowance of bonus / ex-gratia and contribution to superannuation fund.	0.39	FY 1978-79, FY 1982-83 and FY 1983-84	Bombay High Court
	Transfer Pricing adjustments for Corporate Support Services (“CSS”) from Associated Enterprises	99.98	FY 2019-20	Income Tax Appellate Tribunal
	Demand on account of interest u/s 234B and 234C of the Income Tax Act, 1961	1.20	FY 2021-22	Income Tax Appellate Tribunal

#Amounts disclosed above are excluding interest and penalty, unless otherwise stated.

*Not yet deposited

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix)
- (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) Term loans were applied for the purpose for which the loans were obtained.
- (d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

- (e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.
- (f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(f) of the Order is not applicable to the Company.
- (x) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer (including debt instruments). The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit. Hence, the requirement to report on clause 3(x)(a) and (b) are not applicable to the Company.
- (xi)
- (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv)
- (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi)
- (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (d) There are no other Companies part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current financial year and in immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 42 to the financial statements, ageing and expected dates of realization of assets and payment of liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx)
- (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 25 to the financial statements.
- (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act, 2013. This matter has been disclosed in note 25 to the financial statements.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm registration number: 324982E/E300003

Sd/-
per Tridevlal Khandelwal
Partner
Membership number: 501160
UDIN: 24501160
Place of signature: Pune
Date: November 19, 2024

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Annexure 2 referred to in paragraph 2(g) under the heading “Report on other legal and regulatory requirements” of our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls with reference to financial statements of Danfoss Systems Limited (formerly known as Eaton Fluid Power Limited) (“the Company”) as of March 31, 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to these financial statements.

Meaning of Internal Financial Controls With Reference to these Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm registration number: 324982E/E300003

Sd/-

per Tridevlal Khandelwal

Partner

Membership number: 501160

UDIN: 24501160

Place of signature: Pune

Date: November 19, 2024

Danfoss Systems Limited
(Formerly known as Eaton Fluid Power Limited)
Balance sheet as at March 31, 2024
(All amounts in INR million unless otherwise stated)

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
Assets			
Non-current assets			
Property, plant and equipment	3A	532.35	591.38
Capital work in progress	3B	30.82	6.11
Intangible assets	3C	-	-
Right-of-use assets	3D	24.45	1.35
Financial assets			
Loans	4	0.92	1.19
Trade receivables	5	19.33	7.90
Other financial assets	6	10.30	7.68
Other non-current assets	9	70.96	48.31
Deferred tax asset (net)	31	43.62	45.46
Income tax assets (net)		169.03	169.03
		901.78	878.41
Current assets			
Inventories	7	751.00	800.45
Financial assets			
Trade receivables	5	875.26	1,008.72
Cash and cash equivalents	8	3.53	3.50
Loans	4	0.72	0.69
Other financial assets	6	2.65	0.01
Other current assets	9	170.93	93.34
		1,804.09	1,906.71
		2,705.87	2,785.12
Total assets			
Equity and liabilities			
Equity			
Equity share capital	10	69.64	69.64
Other equity	11	1,015.75	772.07
Total equity		1,085.39	841.71
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	12	-	467.50
Lease liabilities	41	16.74	-
		16.74	467.50
Current liabilities			
Financial liabilities			
Borrowings	12	350.66	196.11
Lease liabilities	41	8.34	1.39
Trade payable:			
- total outstanding dues of micro and small enterprises	13	21.69	157.40
- total outstanding dues of other than micro and small enterprises	13	956.20	761.01
Other financial liabilities	14	52.21	32.38
Current provisions	15	61.71	74.15
Other current liabilities	16	123.77	232.97
Current tax liabilities (net)		29.16	20.50
		1,603.74	1,475.91
		1,620.48	1,943.41
Total liabilities		2,705.87	2,785.12
Total equity and liabilities		2,705.87	2,785.12

Summary of material accounting policies

2

The accompanying notes are an integral part of the Ind AS financial statements

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No: 324982E/E300003

For and on behalf of the Board of Directors of **Danfoss Systems Limited**
CIN: U29120PN1965PLC015850

Sd/-
per Tridevjal Khandelwal
Partner
Membership No: 501160
Place: Pune
Date : November 19, 2024

Sd/-
Ravichandran Purushothaman
Director
DIN: 06584433
Place: Chennai
Date : November 19, 2024

Sd/-
Binu Antony Kuttickatt
Director
DIN: 10167302
Place: Pune
Date : November 19, 2024

Danfoss Systems Limited
(Formerly known as Eaton Fluid Power Limited)
Statement of Profit and Loss for year ended March 31, 2024
(All amounts in INR million unless otherwise stated)

Particulars	Notes	Year ended March 31, 2024	Year ended March 31, 2023
Income			
Revenue from operations	17	5,171.40	4,777.21
Other income	18	60.54	47.06
Total income		5,231.94	4,824.27
Expenses			
Cost of raw material and components consumed	19A	2,001.79	2,168.43
Purchase of traded goods	19B	1,434.01	1,123.30
Change in inventories of finished goods, work-in-progress and traded goods	20	132.72	27.11
Employee benefits expense	21	408.67	387.89
Depreciation and amortisation expense	22	106.70	85.66
Finance costs	23	56.33	76.11
Other expenses	24	800.97	786.51
Total expenses		4,941.19	4,655.01
Profit before tax		290.75	169.26
Tax expense			
Current Tax	31	81.74	37.24
Tax expense for earlier years		-	9.05
Deferred tax (credit)/ charge		(7.35)	13.01
Total tax expense		74.39	59.30
Profit for the year		216.36	109.96
Other Comprehensive Income (OCI)			
Items that will not to be reclassified subsequently to profit or loss:			
Re-measurement gain / (loss) on defined benefit plans	27	36.51	(11.50)
Income tax effect	31	(9.19)	2.89
Other comprehensive income for the year, net of tax		27.32	(8.61)
Total comprehensive income for the year, net of tax		243.68	101.35
Earnings per equity share			
Nominal value per share INR 10 (March 31, 2023: INR 10)	26		
Basic and diluted (in INR)		31.09	15.79
Summary of material accounting policies	2		

The accompanying notes are an integral part of the Ind AS financial statements

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No: 324982E/E300003

For and on behalf of the Board of Directors of

Danfoss Systems Limited

CIN: U29120PN1965PLC015850

Sd/-

per Tridevlal Khandelwal

Partner

Membership No: 501160

Place: Pune

Date : November 19, 2024

Sd/-

Ravichandran Purushothaman

Director

DIN: 06584433

Place: Chennai

Date : November 19, 2024

Sd/-

Binu Antony Kuttickatt

Director

DIN: 10167302

Place: Pune

Date : November 19, 2024

Danfoss Systems Limited
(Formerly known as Eaton Fluid Power Limited)
Statement of Cash Flows for the year ended March 31, 2024
(All amounts in INR million unless otherwise stated)

	Year ended March 31, 2024	Year ended March 31, 2023
I. Cash flow from operations		
Profit before tax	290.75	169.26
a. Adjustment to reconcile profit before tax to net cash flow:		
Depreciation and amortization	106.70	85.66
Provision for doubtful debts written back	(9.54)	-
Provision for doubtful debts and advances	-	38.67
Unrealised foreign exchange (gain)/ loss (net)	2.77	(0.54)
(Gain)/loss on sale/discard of property, plant and equipment (net)	(2.57)	(0.25)
Provisions no longer required	(8.83)	(17.14)
Finance cost	56.33	76.11
Interest income	(0.62)	(1.33)
Operating profit before working capital changes	434.99	350.44
b. Changes in working capital and other provisions:		
Trade receivables	130.77	(18.06)
Inventories	49.45	57.91
Financial assets	(5.02)	(2.50)
Other assets	(77.59)	109.74
Trade payable	62.49	0.97
Provisions	27.94	(68.03)
Financial liabilities	19.83	0.98
Other liabilities	(109.20)	134.69
Cash flow from operations	533.66	566.14
Direct taxes paid (net of refunds & interest thereon)	(73.08)	(87.92)
Net cash flow from operating activities (A)	460.58	478.22
II. Cash flow from/(used in) investing activities:		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress and capital advances)	(90.89)	(152.43)
Proceeds from sale of property, plant and equipment and intangible assets	3.43	0.25
Interest received	0.62	1.33
Net cash flow (used in) investing activities (B)	(86.84)	(150.85)
III. Cash flow from/(used in) financing activities:		
Payment of principal portion of lease liabilities	(5.97)	(2.84)
Interest paid	(49.69)	(79.24)
Proceeds from current borrowings	330.00	-
Repayment of short term borrowings to related party	-	(37.50)
Repayment of other short term borrowings	(25.55)	-
Repayment of long term borrowings to related party	(622.50)	(230.00)
Repayment of long term borrowings to other than related party	-	(18.11)
Net cash flow (used in) financing activities (C)	(373.71)	(367.69)
IV. Net increase / (decrease) in cash and cash equivalents (A + B + C)	0.03	(40.32)
V. Cash and cash equivalents at the beginning of the year (refer note 8)	3.50	43.82
VI. Cash and cash equivalents at the end of the year (IV+V+VI)	3.53	3.50
Components of cash and cash equivalents (refer note 8)		
Balances with banks		
- in current accounts	3.53	-
- in deposit accounts	-	3.50
Total cash and cash equivalents (refer note 8)	3.53	3.50

The accompanying notes are an integral part of the Ind AS financial statements

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

For and on behalf of the Board of Directors of

Danfoss Systems Limited

CIN: U29120PN1965PLC015850

Sd/-

per Tridevjal Khandelwal

Partner

Membership No: 501160

Place: Pune

Date : November 19, 2024

Sd/-

Ravichandran Purushothaman

Director

DIN: 06584433

Place: Chennai

Date : November 19, 2024

Sd/-

Binu Antony Kuttickatt

Director

DIN: 10167302

Place: Pune

Date : November 19, 2024

Danfoss Systems Limited
(Formerly known as Eaton Fluid Power Limited)
Statement of Changes in Equity for the year ended March 31, 2024
(All amounts in INR million unless otherwise stated)

a. Equity share capital

	Nos.	Amount
Equity shares of INR 10 each issued, subscribed and fully paid		
As at April 01, 2022	6.96	69.64
Changes in equity share capital during the year	-	-
As at March 31, 2023	6.96	69.64
Changes in equity share capital during the year	-	-
As at March 31, 2024	6.96	69.64

b. Other equity *

For the year ended March 31, 2023

	Securities premium	Retained earnings	Total
Balance as at April 01, 2022	131.70	539.02	670.72
Profit for the year	-	109.96	109.96
Other comprehensive income/(loss)	-	(8.61)	(8.61)
Total comprehensive income	-	101.35	101.35
Balance as at March 31, 2023	131.70	640.37	772.07

For the year ended March 31, 2024

	Securities premium	Retained earnings	Total
Balance as at April 01, 2023	131.70	640.37	772.07
Profit for the year	-	216.36	216.36
Other comprehensive income/(loss)	-	27.32	27.32
Total comprehensive income	-	243.68	243.68
Balance as at March 31, 2024	131.70	884.05	1,015.75

* There are no adjustments on account of prior period errors or due to change in material accounting policies.

The accompanying notes are an integral part of the Ind AS financial statements

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

For and on behalf of the Board of Directors of

Danfoss Systems Limited

CIN: U29120PN1965PLC015850

Sd/-

per Tridevlal Khandelwal

Partner

Membership No: 501160

Place: Pune

Date : November 19, 2024

Sd/-

Ravichandran Purushothaman

Director

DIN: 06584433

Place: Chennai

Date : November 19, 2024

Sd/-

Binu Antony Kuttickatt

Director

DIN: 10167302

Place: Pune

Date : November 19, 2024

Danfoss Systems Limited
(Formerly known as Eaton Fluid Power Limited)
Notes to the Ind AS financial statements for the year ended March 31, 2024
(All amounts in INR million unless otherwise stated)

3A Property, plant and equipment

Particulars	Freehold land	Leasehold improvement	Building	Roads	Plant and equipment	Computer hardware	Furniture and fixtures	Office equipment	Electrical installation and equipments	Total
Cost (refer note below)										
As at April 01, 2022	0.69	12.72	182.85	8.31	948.59	36.47	27.12	7.78	12.36	1,236.89
Additions	-	-	14.61	-	197.99	14.38	-	-	-	226.98
Deletions/write offs	-	-	-	-	-	-	-	0.70	-	0.70
As at March 31, 2023	0.69	12.72	197.46	8.31	1,146.58	50.85	27.12	7.08	12.36	1,463.17
Additions	-	-	6.43	-	33.53	2.73	0.10	0.72	-	43.51
Deletions/write offs	-	-	-	-	0.86	-	-	-	-	0.86
As at March 31, 2024	0.69	12.72	203.89	8.31	1,179.25	53.58	27.22	7.80	12.36	1,505.82
Accumulated depreciation (refer note below)										
As at April 01, 2022	-	12.05	59.70	6.98	640.86	31.24	21.00	5.75	11.88	789.46
Charge for the year	-	0.30	13.54	0.91	60.53	5.47	1.77	0.51	-	83.03
Deletions/write offs	-	-	-	-	-	-	-	0.70	-	0.70
As at March 31, 2023	-	12.35	73.24	7.89	701.39	36.71	22.77	5.56	11.88	871.79
Charge for the year	-	0.31	14.22	0.42	77.97	6.59	1.62	0.55	-	101.68
Deletions/write offs	-	-	-	-	-	-	-	-	-	-
As at March 31, 2024	-	12.66	87.46	8.31	779.36	43.30	24.39	6.11	11.88	973.47
Net Book value										
As at March 31, 2023	0.69	0.37	124.22	0.42	445.19	14.14	4.35	1.52	0.48	591.38
As at March 31, 2024	0.69	0.06	116.43	-	399.89	10.28	2.83	1.69	0.48	532.35

Note:

The Company had elected to continue with the carrying value of property, plant and equipment as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed cost on the date of transition (i.e. April 1, 2015). The Company has disclosed the gross block and accumulated depreciation / amortisation above, for information purpose only.

Danfoss Systems Limited

(Formerly known as Eaton Fluid Power Limited)

Notes to the Ind AS financial statements for the year ended March 31, 2024

(All amounts in INR million unless otherwise stated)

3B Capital work in progress

Particulars	Total
As at April 01, 2022	99.70
Additions	133.39
Capitalised	226.98
As at March 31, 2023	6.11
Additions	68.22
Capitalised	43.51
As at March 31, 2024	30.82

Capital work in progress (CWIP) ageing schedule as on March 31, 2024

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	29.49	1.33	-	-	30.82
Projects temporarily suspended	-	-	-	-	-
Total	29.49	1.33	-	-	30.82

Capital work in progress (CWIP) ageing schedule as on March 31, 2023

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	6.08	0.03	-	-	6.11
Projects temporarily suspended	-	-	-	-	-
Total	6.08	0.03	-	-	6.11

Details of Capital work in progress projects overdue as at March 31, 2024:

Project Details	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Project 1	0.57	-	-	-
Project 2	5.62	-	-	-
Project 3	3.97	-	-	-
Project 4	1.74	-	-	-
Project 5	0.05	-	-	-
Project 6	2.86	-	-	-
Project 7	14.38	-	-	-
Total	29.19	-	-	-

Management has strategically realigned the expected completion date based on business requirements and the projects are expected to be completed within a year.

CWIP projects whose completion is overdue or has exceeded its cost compared to its original plan is Nil as at March 31, 2023.

Danfoss Systems Limited
(Formerly known as Eaton Fluid Power Limited)
Notes to the Ind AS financial statements for the year ended March 31, 2024
(All amounts in INR million unless otherwise stated)

3C. Intangible assets

Particulars	Computer software
Cost (Gross) (refer note below)	
As at April 01, 2022	0.06
Additions	-
Deletions / write offs	-
As at March 31, 2023	0.06
Additions	-
Deletions / write offs	-
As at March 31, 2024	0.06
Accumulated amortization (refer note below)	
As at April 01, 2022	0.06
Charge for the year	-
Deletions / write offs	-
As at March 31, 2023	0.06
Charge for the year	-
Deletions / write offs	-
As at March 31, 2024	0.06
Net book value	
As at March 31, 2023	-
As at March 31, 2024	-

Note:

The Company had elected to continue with the carrying value of intangible assets as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed costs on the date of transition (i.e. April 1, 2015). The Company has disclosed the gross block and accumulated amortization above for information purpose only.

3D. Right of use assets

Particulars	Plant and Machinery	Office Building	Total
As at April 01, 2022	-	0.84	0.84
Additions	-	3.14	3.14
Depreciation expenses	-	2.63	2.63
As at March 31, 2023	-	1.35	1.35
Additions	13.78	14.34	28.12
Depreciation expenses	2.09	2.93	5.02
As at March 31, 2024	11.69	12.76	24.45

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Danfoss Systems Limited
(Formerly known as Eaton Fluid Power Limited)
Notes to the Ind AS financial statements for the year ended March 31, 2024
(All amounts in INR million unless otherwise stated)

4 Loans (carried at amortised cost)

	March 31, 2024	March 31, 2023
Non current		
Unsecured, considered good		
Loans to employees	0.92	1.19
	0.92	1.19
Current		
Unsecured, considered good		
Loans to employees	0.72	0.69
	0.72	0.69

No loans are due from directors or other officers of the Company either severally or jointly with any other person. Further, loans to employee are given at nominal interest rate.

5 Trade receivables (carried at amortised cost)

	March 31, 2024	March 31, 2023
Non-current		
Unsecured, considered good		
Trade receivables	19.33	7.90
	19.33	7.90
Current		
Trade receivables	742.33	848.92
Receivable from related parties (refer note 33)	132.93	159.80
	875.26	1,008.72
Total trade receivables	894.59	1,016.62
Break-up for security details:		
Secured, considered good	-	-
Unsecured, considered good	894.59	1,016.53
Trade receivables which have significant increase in credit risk	-	0.09
Trade receivables - credit impaired	46.14	55.68
Sub-total (A)	940.73	1,072.30
Impairment allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	-	-
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	(46.14)	(55.68)
Sub-total (B)	(46.14)	(55.68)
Total trade receivables (A+B)	894.59	1,016.62

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Danfoss Systems Limited
(Formerly known as Eaton Fluid Power Limited)
Notes to the Ind AS financial statements for the year ended March 31, 2024
(All amounts in INR million unless otherwise stated)

5 Trade receivables (carried at amortised cost) (continued)

Note:

No trade receivables or advances are due from directors or other officers of the Company either severally or jointly with any other person. Trade receivables or other receivables are due from firms or private companies in which any director is a partner, a director or a member are as follows:

Name of Company	March 31, 2024	March 31, 2023
Danfoss Power Solutions INC (9131)	-	49.67
Danfoss Power Solutions INC (9133)	26.95	-
Danfoss Power Solutions II LLC (9103)	96.79	-
Danfoss Power Solutions II LLC (9101)	-	95.43
Danfoss Power Solutions II Ltd (9125)	0.19	-
Danfoss Distribution II A/S (9136)	0.65	-
Danfoss Power Solutions India Pvt Ltd (INSDPUN)	7.75	-
Danfoss Industries Private Limited	0.60	0.73
Danfoss Power Solutions II (9116)	0.31	-
Danfoss Korea Limited	0.32	-
Danfoss Fluid Power Private Limited (INEHCO)	-	0.03
Danfoss Power Solutions (Jinning) Co., Ltd. (9168)	-	0.08

Bracketed numbers/codes suffixed to certain names indicate internal identifier (LE code) used by the Company and retained for ease of reference. Trade receivables are non-interest bearing and are generally on credit terms of 30 to 120 days. For terms related to related parties refer note 33(e).

The following table summarises the change in impairment allowance measured using the lifetime expected credit loss model:

	March 31, 2024	March 31, 2023
At the beginning of the year	55.68	17.19
Provision made during the year	-	38.67
Utilized during the year	-	(0.18)
Reversed during the year	(9.54)	-
At the end of the year	46.14	55.68

Trade receivables ageing schedule as at March 31, 2024

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables - considered good	611.69	282.90	-	-	-	-	894.59
Undisputed trade receivables - Which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	11.98	3.62	17.40	0.53	12.61	46.14
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - Which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
Total	611.69	294.88	3.62	17.40	0.53	12.61	940.73

(This space is left blank intentionally)

Danfoss Systems Limited
(Formerly known as Eaton Fluid Power Limited)
Notes to the Ind AS financial statements for the year ended March 31, 2024
(All amounts in INR million unless otherwise stated)

5 Trade receivables (carried at amortised cost) (continued)

Trade receivables ageing schedule as at March 31, 2023

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables - considered good	860.95	155.58	-	-	-	-	1,016.53
Undisputed trade receivables - Which have significant increase in credit risk	-	0.09	-	-	-	-	0.09
Undisputed trade receivables - credit impaired	-	15.89	23.34	6.46	4.68	5.31	55.68
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - Which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
Total	860.95	171.56	23.34	6.46	4.68	5.31	1,072.30

6 Other financial assets (carried at amortised cost)

	March 31, 2024	March 31, 2023
Non current		
Unsecured considered good		
Security deposits	10.30	7.68
	10.30	7.68
Current		
Unsecured considered good		
Security deposits	0.01	0.01
Other receivables	2.64	-
Unsecured considered doubtful		
Other receivables	11.17	11.17
Less : Provision for doubtful receivables	(11.17)	(11.17)
	2.65	0.01

No advances recoverable in cash or in kind are due from directors or other officers of the Company either severally or jointly with any other person.

7 Inventories (valued at cost or net realisable value, whichever is lower)

	March 31, 2024	March 31, 2023
Raw materials and components* [includes goods in transit INR 94.62 millions (March 31, 2023: INR 79.04 millions)]	391.05	307.78
Work-in-progress*	37.99	99.77
Finished goods* [includes sales in transit INR 20.01 millions (March 31, 2023: INR 25.35 millions)]	76.63	42.03
Traded goods [includes goods in transit INR 50.78 millions (March 31, 2023: INR 154.46 millions) and sales in transit INR 1.89 millions (March 31, 2023: INR 0.47 millions)]	245.33	350.87
	751.00	800.45

During the year ended March 31, 2024: INR 4.62 millions (March 31, 2023: INR 2.72 millions) was recognised as charge for inventories carried at net realisable value.

* Includes material lying with subcontractors INR 31.22 millions (March 31, 2023: INR 25.60 millions)].

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Danfoss Systems Limited
(Formerly known as Eaton Fluid Power Limited)
Notes to the Ind AS financial statements for the year ended March 31, 2024
(All amounts in INR million unless otherwise stated)

8 Cash and cash equivalents (carried at amortised cost)

	March 31, 2024	March 31, 2023
Balance with Banks		
in current accounts	3.53	-
in deposits with original maturity of less than 3 months	-	3.50
	3.53	3.50

Bank deposits earns interest at fixed rates. Short-term deposits are generally made for varying periods from seven to fifteen days, depending on the cash requirements of the Company, and earns interest at the prevailing deposit rates for the tenor of the deposit.

9 Other assets

	March 31, 2024	March 31, 2023
Non Current		
Unsecured, considered good		
Capital advances	55.48	32.82
Balances with government authorities - VAT receivable (including duty paid under protest)	15.48	15.49
	70.96	48.31
Current		
Unsecured, considered good		
Advance to suppliers	19.31	12.15
Prepaid Expenses	14.07	15.15
Government grants/ Export incentive receivable (refer note a below)	6.84	6.11
Balances with government authorities	80.36	50.42
Gratuity (refer note 27)	50.35	9.51
	170.93	93.34
Unsecured, considered doubtful		
Balances with government authorities	3.08	3.08
Advance recoverable in cash or kind	1.60	1.60
	4.68	4.68
Provision for balances with government authorities	(3.08)	(3.08)
Provision for bad and doubtful advances	(1.60)	(1.60)
	(4.68)	(4.68)
	170.93	93.34

Notes:

a. Export incentive / Government Grants receivable pertains to amount receivable as Remission of Duties or Taxes on Export products (RoDTEP) eligible on exports sales. There were no unfulfilled conditions attached to the above grants.

b. No advances recoverable in cash or kind are due from directors or other officers of the Company either severally or jointly with any other person.

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Danfoss Systems Limited

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Notes to the Ind AS financial statements for the year ended March 31, 2024

(All amounts in INR million unless otherwise stated)

10 Equity share capital

	March 31, 2024	March 31, 2023
Authorised share capital		
7,000,000 (March 31, 2023: 7,000,000) equity shares of INR 10 each	70.00	70.00
850,000 (March 31, 2023: 850,000) 8% preference shares of INR 100 each	85.00	85.00
	155.00	155.00
Issued, subscribed and fully paid up shares (No.)		
6,964,267 (March 31, 2023: 6,964,267) equity shares of INR 10 each	69.64	69.64
Total issued, subscribed and fully paid-up share capital	69.64	69.64

a Terms / Rights attached to equity shares

The Company has only one class of equity share having par value of INR 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held by the shareholders.

During the year ended March 31, 2024, the board of directors have not recommended dividend to equity shareholder (March 31, 2023: INR Nil per share).

b Reconciliation of the number of shares outstanding is set out below:

Particulars	March 31, 2024		March 31, 2023	
	No. of shares	Amount	No. of shares	Amount
(No. of shares in million)				
At the beginning of the period	6.96	69.64	6.96	69.64
Add: Shares issued during the period	-	-	-	-
Outstanding at the end of the period	6.96	69.64	6.96	69.64

c Shares held by Holding Company and their subsidiaries/associates

Out of equity shares issued by the Company, shares held by its holding company are as below:

	March 31, 2024	March 31, 2023
Danfoss Fluid Power Private Limited, India		
6,797,489 (March 31, 2023: 6,797,489) equity shares of INR 10 each fully paid.	67.97	67.97

d The details of shareholders holding more than 5% shares:

Name of the Shareholder	March 31, 2024		March 31, 2023	
	No. of Shares	% held	No. of Shares	% held
(No. of shares in million)				
Equity shares of INR 10 each fully paid				
Danfoss Fluid Power Private Limited, India	6.80	97.61	6.80	97.61
	6.80	97.61	6.80	97.61

As per the records of the Company, including its register of shareholders/members, the above shareholding represents the legal ownership of the shares.

e Details of shares held by promoters:

Equity shares held as at March 31, 2024 (No. of shares in million)

Name of Promoter	Opening no. of shares	Change in no. of shares	Closing no. of shares	% of total shares	% change during the year
Danfoss Fluid Power Private Limited, India	6.80	-	6.80	97.61%	-

Equity shares held as at March 31, 2023 (No. of shares in million)

Name of Promoter	Opening no. of shares	Change in no. of shares	Closing no. of shares	% of total shares	% change during the year
Danfoss Fluid Power Private Limited, India	6.80	-	6.80	97.61%	-

Danfoss Systems Limited**(Formerly known as Eaton Fluid Power Limited)****Notes to the Ind AS financial statements for the year ended March 31, 2024****(All amounts in INR million unless otherwise stated)****f Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date**

There are no bonus shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

g Share capital reduction

During the current year, the Board of Directors of the Company decided to reduce the paid-up equity share capital at their meeting on January 4, 2024 in accordance with sections 230-232 and section 66 of the Companies Act, 2013, read with the Companies (Compromises, Arrangements, and Amalgamations) Rules, 2023. Accordingly, the Company filed a petition with the National Company Law Tribunal (NCLT) Mumbai bench on March 16, 2024, under section 66 of the Act to reduce the paid-up equity share capital held by non-promoter shareholders. The petition is currently under review by the NCLT and the outcome is not yet concluded .

11 Other equity

	Securities Premium*	Retained Earnings#	Total
Retained earnings			
As at April 01, 2022	131.70	539.02	670.72
Add: Profit for the year	-	109.96	109.96
Less: Other comprehensive income	-	(8.61)	(8.61)
As at March 31, 2023	131.70	640.37	772.07
Add: Profit for the year	-	216.36	216.36
Add: Other comprehensive income	-	27.32	27.32
As at March 31, 2024	131.70	884.05	1,015.75

* Securities premium is used to record the premium received on issue of shares and will be utilised in accordance with the provisions of the Companies Act, 2013.

Retained earnings are the profits that the Company has earned till date, less any transfers for dividends or other distributions paid to shareholders.

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Danfoss Systems Limited
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Notes to the Ind AS financial statements for the year ended March 31, 2024
(All amounts in INR million unless otherwise stated)

12 Borrowings

	March 31, 2024	March 31, 2023
Non current		
Unsecured loans from related parties \$ (note 33)	-	467.50
	-	467.50
Current		
Unsecured loans from related parties \$ (note 33)	335.85	155.75
Overdraft borrowings from bank (unsecured)*	14.81	40.36
	350.66	196.11

\$ Pursuant to borrowing agreements entered with related parties during the previous year ended March 31, 2022, the Company had obtained a loan of INR 930 millions from November 25, 2021 at an interest rate of 8.50% p.a., repayable in 36 months. The outstanding balance as at March 31, 2024 is repayable on or before November 30, 2024.

* Overdraft borrowings from bank are unsecured which carry floating interest rate of 9.75% p.a. as at year end March 31, 2024 and are repayable on demand.

13 Trade Payables

	March 31, 2024	March 31, 2023
Trade Payables		
- total outstanding dues of micro and small enterprises (refer note 32)	21.69	157.40
- total outstanding dues of creditors other than micro and small enterprises*	323.46	282.53
Trade payables to related parties (refer note 33)	632.73	478.48
	977.89	918.41

* It includes payable towards purchase of property, plant & equipment INR 0.20 millions (March 31, 2023: INR 9.50)

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-150 days terms
- For terms and conditions with related parties, refer note 33(e)
- For Company's credit risk management process, refer note 35.

Trade payables ageing schedule as at March 31, 2024

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro and small enterprises	-	17.38	4.31	-	-	-	21.69
Total outstanding dues of other than micro and small enterprises	352.96	345.33	249.79	7.05	0.81	0.26	956.20
Disputed dues of micro and small enterprises	-	-	-	-	-	-	-
Disputed dues of other than micro and small enterprises	-	-	-	-	-	-	-
Total	352.96	362.71	254.10	7.05	0.81	0.26	977.89

Danfoss Systems Limited
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Notes to the Ind AS financial statements for the year ended March 31, 2024
(All amounts in INR million unless otherwise stated)

13 Trade Payables (continued)

Trade payables ageing schedule as at March 31, 2023

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro and small enterprises	-	118.93	38.47	-	-	-	157.40
Total outstanding dues of other than micro and small enterprises	105.94	360.31	267.49	25.04	2.23	-	761.01
Disputed dues of micro and small enterprises	-	-	-	-	-	-	-
Disputed dues of other than	-	-	-	-	-	-	-
Total	105.94	479.24	305.96	25.04	2.23	-	918.41

14 Other financial liabilities

	March 31, 2024	March 31, 2023
Current		
Security deposits*	31.68	32.38
Others	20.53	-
	52.21	32.38

*Security deposits are non-interest bearing.

15 Provisions

	March 31, 2024	March 31, 2023
Current		
Provision for employee benefits		
Provision for leave encashment	43.23	49.98
	43.23	49.98
Other provision		
Provision for warranties	2.99	9.17
Provision for statutory matters	15.49	15.00
	18.48	24.17
	61.71	74.15

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Danfoss Systems Limited**(Formerly known as Eaton Fluid Power Limited)****Notes to the Ind AS financial statements for the year ended March 31, 2024****(All amounts in INR million unless otherwise stated)****15 Provisions (continued)****Provision for warranties**

The warranty provision covers the expenses related to the repair and replacement of products sold. The amount is determined on a standard basis, based on past experience of the average expenses incurred. Anticipated specific costs relating to any supply of defected materials / batch is also provided as per specific estimates. The timing and amount of cash flows for warranty, will be determined on receipt of claims from customers as and when such claims are incurred. The table below gives information about movement in warranty provision:

	March 31, 2024	March 31, 2023
At the beginning of the year	9.17	27.42
Arising during the year	-	-
Reversed during the year	(3.87)	(17.14)
Utilized during the year	(2.31)	(1.11)
At the end of the year	2.99	9.17

Provision for statutory matters

A provision for statutory matters are on account of legal matters where the Company anticipates probable outflow. The amount of provision is based on estimates made by the Company considering the facts and circumstances of each case. The timing and amount of cash flows that will arise from these matters will be determined by the relevant authorities only on settlement if these cases.

	March 31, 2024	March 31, 2023
At the beginning of the year	15.00	63.10
Arising during the year	0.49	-
Utilized during the year	-	(48.10)
At the end of the year	15.49	15.00

16 Other current liabilities

	March 31, 2024	March 31, 2023
Contract liabilities *	59.19	165.20
Statutory dues and other payables #	64.58	67.77
	123.77	232.97

* Contract liabilities include advances received from customers as well as consideration received before the Company has transferred goods or services to the customers. The decrease in contract liabilities is due to revenue recognised against the contract liabilities at the beginning of the year.

Statutory dues and other payable majorly includes payable on account of provident fund, professional tax, tax deducted at source, goods and service tax etc.

For Company's credit risk management process, refer note 35(b).

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Danfoss Systems Limited
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Notes to the Ind AS financial statements for the year ended March 31, 2024
(All amounts in INR million unless otherwise stated)

17 Revenue from operations

	For the year ended March 31, 2024	For the year ended March 31, 2023
Sale of products		
Finished goods	3,235.67	3,356.59
Traded goods	1,884.88	1,365.80
Sale of services	17.39	7.34
Other operating revenue		
Scrap sales	7.85	4.95
Government grant - Export incentives (refer note 9)	25.61	40.43
Government grant - Others	-	2.10
Total revenue from operations	5,171.40	4,777.21

Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers

	For the year ended March 31, 2024	For the year ended March 31, 2023
Location		
India	4,124.34	3,915.38
Outside India	1,021.45	819.30
Total revenue from contracts with customers*	5,145.79	4,734.68

Timing of revenue recognition

Goods transferred at a point in time	5,128.40	4,727.34
Services transferred over time	17.39	7.34
Total revenue from contracts with customers*	5,145.79	4,734.68

Set out below is the amount of revenue recognised from

Amounts included in contract liabilities at the beginning of the year	151.42	14.62
Performance obligations satisfied in previous years	-	-

Reconciling the amount of revenue recognised in the Statement of profit and loss with the contracted price

Revenue as per contracted price	5,165.80	4,754.00
Adjustments		
Sales return	(20.01)	(16.77)
Discounts	-	(2.55)
Total revenue from contracts with customers*	5,145.79	4,734.68

The Company does not have any contract assets which would require adjustment of revenue recognised over a period of time and hence disclosures related to it has not been presented.

* Excludes government grant amounting INR 25.61 millions (March 31, 2023: INR 42.53 millions)

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Danfoss Systems Limited**(Formerly known as Eaton Fluid Power Limited)****Notes to the Ind AS financial statements for the year ended March 31, 2024****(All amounts in INR million unless otherwise stated)****18 Other income**

	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest income		
Bank deposits	0.39	1.13
Others	0.23	0.20
Rental income (refer note 41)	3.56	3.18
Exchange gain (net)	13.77	20.65
Gain on sale of property, plant and equipment	2.57	0.25
Provision for doubtful debts written back	9.54	-
Provision no longer required written back	8.83	17.14
Miscellaneous income	21.65	4.51
	60.54	47.06

19A Cost of raw material and components consumed

	For the year ended March 31, 2024	For the year ended March 31, 2023
Inventory at the beginning of the year	307.78	338.58
Add: Purchases	2,085.06	2,137.63
Less: Inventory at the end of the year	(391.05)	(307.78)
	2,001.79	2,168.43

19B Purchase of Traded Goods

	For the year ended March 31, 2024	For the year ended March 31, 2023
Purchase of traded goods	1,434.01	1,123.30
	1,434.01	1,123.30

20 Change in inventories of finished goods, work in progress and traded goods

	For the year ended March 31, 2024	For the year ended March 31, 2023
Inventory at the end of the year (refer note 7)		
Traded goods	245.33	350.87
Work-in-progress	37.99	99.77
Finished goods	76.63	42.03
	359.95	492.67
Inventory at the beginning of the year (refer note 7)		
Traded goods	350.87	315.45
Work-in-progress	99.77	142.62
Finished goods	42.03	61.71
	492.67	519.78
	132.72	27.11

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Danfoss Systems Limited
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Notes to the Ind AS financial statements for the year ended March 31, 2024
(All amounts in INR million unless otherwise stated)

21 Employee benefits expenses

	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, wages and bonus	355.78	334.99
Contribution to provident and other funds	16.95	17.01
Gratuity expense (refer note 27)	11.23	10.48
Staff welfare expenses	24.21	24.53
Recruitment and training expenses	0.50	0.88
	408.67	387.89

22 Depreciation and amortization expenses

	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation on property, plant and equipment (refer note 3A)	101.68	83.03
Depreciation on right-of-use assets (refer note 3D)	5.02	2.63
	106.70	85.66

23 Finance costs

	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest expenses on borrowings	51.61	75.12
Interest expense on lease liabilities (refer note 41)	1.54	0.34
Others including interest cost on defined benefit plans	3.18	0.65
	56.33	76.11

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Danfoss Systems Limited**(Formerly known as Eaton Fluid Power Limited)****Notes to the Ind AS financial statements for the year ended March 31, 2024****(All amounts in INR million unless otherwise stated)****24 Other expenses**

	For the year ended March 31, 2024	For the year ended March 31, 2023
Consumption of tools	13.94	15.77
Consumption of stores and spares	34.76	31.86
Power and fuel	34.36	40.11
Rent expenses (refer note 41)	6.40	3.79
Freight, packaging and forwarding charges	35.15	33.11
Rates and taxes	6.21	11.38
Repairs and maintenance		
- Building	3.09	1.19
- Plant and machinery	41.32	40.03
- Others	4.73	9.60
Communication costs	1.60	1.21
Contract labour expenses	87.32	94.81
Corporate support charges (refer note 40)	306.72	231.52
Royalty expense	138.93	140.04
Legal and professional fees	22.23	32.70
Provision for doubtful trade receivable and advances (inclusive of bad debt & advances written off INR Nil, March 31, 2023: INR 0.18 millions)	-	38.67
Travelling and conveyance	14.28	14.74
Payment to auditor (refer details below)	4.90	3.85
Corporate social responsibility ('CSR') expenditure (refer note 25)	4.56	3.50
Miscellaneous expenses*	45.60	43.92
	806.10	791.80
Less: Expenses recovered (refer note 39)	(5.13)	(5.29)
	800.97	786.51

* Miscellaneous expenses include insurance expense, security, printing and stationery expense, waste removal and material handling charges, bank charges, etc.

	For the year ended March 31, 2024	For the year ended March 31, 2023
Payment to auditor		
As auditor:		
Audit fees	4.02	3.33
Group reporting fees	0.04	
Tax audit fee	-	0.52
In other capacity		
Certification Fees	0.84	-
Reimbursement of expenses	-	-
	4.90	3.85

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Danfoss Systems Limited**(Formerly known as Eaton Fluid Power Limited)****Notes to the Ind AS financial statements for the year ended March 31, 2024****(All amounts in INR million unless otherwise stated)****25 Corporate social responsibility (CSR) expenditure**

		For the year ended March 31, 2024	For the year ended March 31, 2023
a) Gross amount required to be spent by the Company during the year		4.47	3.50
b) Amount approved by the Board to be spent during the year		4.47	3.50
c) Amount spent during for the year ended March 31, 2024:	In cash	Yet to be paid	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	4.56	-	4.56
d) Amount spent during the year ended on March 31, 2023:	In cash	Yet to be paid	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	-	3.50	3.50
e) Details related to spent / unspent obligations		For the year ended March 31, 2024	For the year ended March 31, 2023
i) Contribution to Public Charitable Trust		-	-
ii) Contribution to Charitable Trust		2.30	-
iii) Contribution to others		2.26	-
iii) Unspent amount in relation to:			
- Ongoing project		-	-
- Other than ongoing project		-	3.50

f) Details of ongoing project and other than ongoing project**For the year ended March 31, 2024**

In case of Section 135(5) (Other than ongoing project)				
Opening balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing balance
3.50	-	4.47	8.06*	-

* Includes INR 0.09 millions spent in excess of required limits.

For the year ended March 31, 2023

In case of Section 135(5) (Other than ongoing project)				
Opening balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing balance
-	-	3.50	-	3.50

- 1 In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act.
- 2 There are no unspent amounts that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act, 2013 for unspent amounts pertaining to ongoing projects.

Danfoss Systems Limited
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Notes to the Ind AS financial statements for the year ended March 31, 2024
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26 Earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating basic and diluted EPS are stated below:

Particulars		March 31, 2024	March 31, 2023
Numerator for basic and diluted profit per share			
Net profit after tax attributable to shareholders	(A)	216.36	109.96
Denominator for basic and diluted profit per share			
Weighted average number of equity shares (numbers in million)*	(B)	6.96	6.96
Basic and diluted earning per share of face value of INR 10 each	(A/B)	31.09	15.79

* There have been no transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of these Ind AS financial statements.

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Danfoss Systems Limited
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Notes to the Ind AS financial statements for the year ended March 31, 2024
(All amounts in INR million unless otherwise stated)

27 Post employment benefits plans

The Gratuity scheme is a defined benefit plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. Under the gratuity plan, every employee who has completed five years or more of service gets a gratuity on departure at 15 days last drawn salary for each completed year of service (22 days of last drawn salary if the employee has completed 10 years of service). Due to the nature of the plan, the risks commonly affecting the liabilities and the financial results are expected to be:

Interest rate risk : The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation

Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

The following tables summarise the components of net benefit expense recognised in the Statement of profit and loss, the funded status, amounts recognised in balance sheet and in other comprehensive income.

Statement of profit and loss

Net employee benefit expense on account of gratuity recognized in the statement of profit and loss:

Particulars	March 31, 2024	March 31, 2023
Current service cost	11.23	10.48
Net benefit expense in the statement of profit and loss	11.23	10.48

Amount recognised in the statement of other comprehensive income (OCI):

Particulars	March 31, 2024	March 31, 2023
Actuarial (gains)/ loss due to DBO experience	(9.17)	9.93
Actuarial (gains)/ loss due to DBO assumption changes	(27.93)	1.52
Return on plan assets lesser/ (greater) than discount rate	0.59	0.04
Actuarial (gains)/ losses recognized in OCI	(36.51)	11.50

Net interest expense/(income):

Particulars	March 31, 2024	March 31, 2023
Interest cost	10.33	9.01
Interest income on plan assets	(11.51)	(9.88)
Net interest expense/(income)	(1.18)	(0.87)

Balance Sheet

Benefit asset/(liability):

Particulars	March 31, 2024	March 31, 2023
Present value of defined benefit obligation	(123.66)	(151.60)
Fair value of plan assets	174.01	161.11
Plan assets/(liability)	50.35	9.51

Changes in the present value of the defined benefit obligation are as follows

Particulars	March 31, 2024	March 31, 2023
Opening defined benefit obligation	151.60	156.66
Current service cost	11.23	10.48
Interest cost	10.33	9.01
Actuarial (gains)/ losses on obligation experience	(9.17)	9.93
Actuarial (gains)/ loss due to DBO assumption changes	(27.93)	1.52
Benefits paid directly by the Company	(12.40)	(3.80)
Benefits paid from plan assets	-	(32.20)
Closing defined benefit obligation	123.66	151.60

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27 Post employment benefits plans (continued)

Changes in the fair value of plan assets are as follows:

Particulars	March 31, 2024	March 31, 2023
Opening fair value of plan assets	161.11	152.62
Interest income on plan assets	11.51	9.88
Contributions by employer	1.98	30.85
Return on plan assets greater/(lesser) than discount rate	(0.59)	(0.04)
Benefits paid from plan assets	-	(32.20)
Closing fair value of plan assets	174.01	161.11

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Nature of plan assets	March 31, 2024	March 31, 2023
Investments with insurer	100%	100%

Amount recognised in Balance Sheet, Profit and Loss account and statement of other comprehensive income (OCI):

Particulars	March 31, 2024	March 31, 2023
Defined benefit obligation	123.66	151.60
Fair value of Plan assets	174.01	161.11
(Deficit)/ surplus	50.35	9.51
Current service cost	11.23	10.48
Remeasurements recognised in OCI	(36.51)	11.50

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

Particulars	March 31, 2024	March 31, 2023
Discount rate	7.00%	7.10%
Expected rate of increment in compensation levels for year and thereafter	6.50%	9.50%

Employee turnover	March 31, 2024	March 31, 2023
Age		
Between 21-30 years	1%	13%
Between 31-34 years	2%	8%
Between 35-54 years	2%	5%
Above 55 years	3%	4%

The estimates of future salary increases, considered in actuarial valuation, take account of price inflation, regular increments and promotions and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market

A quantitative sensitivity analysis for significant assumption as at March 31, 2024 and March 31, 2023 is as shown below:

Particulars	Sensitivity level	Impact on defined benefit obligation	
		March 31, 2024	March 31, 2023
Discount rate	0.5% increase	(4.92)	(5.99)
	0.5% decrease	5.32	6.45
Future salary increase	0.5% increase	5.33	6.28
	0.5% decrease	(4.97)	(5.90)
Withdrawal rate	5% increase	0.21	(8.74)
	5% decrease	(0.37)	15.32

Method used for sensitivity analysis: The sensitivity results above determine their individual impact on the Plan's end of year Defined benefit obligation. In reality, the plan is subject to multiple external experience items which may move the Defined Benefit Obligation in similar or opposite directions, while the plan's sensitivity to such changes can vary over time.

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27 Post employment benefits plans (continued)

The following payments are expected contributions to the defined benefit plan in future years:

Particulars	March 31, 2024	March 31, 2023
Within the next 12 months (next annual reporting period)	7.69	9.98
Between 1 and 2 years	18.22	13.07
Between 2 and 3 years	13.61	22.02
Between 3 and 4 years	11.47	17.43
Between 4 and 5 years	4.28	17.20
Sum of years 6 to 10	71.41	82.34

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 9 years (March 31, 2023: 7 years).

28 Capital and other commitments

	March 31, 2024	March 31, 2023
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance: INR 55.48 millions (March 31, 2023: INR 32.82 millions))	91.47	128.77
	91.47	128.77

29 Contingent liabilities

	March 31, 2024	March 31, 2023
Excise duty/service tax matters*	56.90	73.51
Income tax matters*	186.06	32.46
Financial guarantees and advance guarantees given to the customers and other authorities	3.69	110.30
	246.65	216.27

Notes:

- It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.
- The Company is contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appeal process.

* Excludes interest and penalties, if any. The above matters pertains to certain disallowances / demand raised by respective authorities.

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30 Segment Information

The Company is engaged in manufacturing and trading of Fluid Power Hydraulic Equipments such as Pumps, Gear Pumps, Valves, Cylinders, Packaged systems and related components. On a review of all the relevant aspects including, in particular, the system of internal financial reporting to the Board of Directors, which is the Chief Operating Decision Maker ('CODM') and considering the economic characteristics of the operations, the Company is of the view that it operates in a single primary segment. The said treatment is in accordance with the guiding principles enacted in Ind AS 108 Operating Segments. Accordingly the Company has disclosed segment information for its secondary segment which is the geographical segment as below:

Particulars	March 31, 2024	March 31, 2023
Revenue from operations		
India	4,149.95	3,957.91
Outside India	1,021.45	819.30
Total	5,171.40	4,777.21

The revenue from operations information above is based on the locations of the customers.

Particulars	March 31, 2024	March 31, 2023
Carrying amount of assets		
Assets within India	2,510.43	2,581.40
Assets outside India	195.44	203.72
Total	2,705.87	2,785.12

Particulars	March 31, 2024	March 31, 2023
Additions to property, plant and equipment and intangible assets		
Additions to capital assets within India	43.51	226.98
Additions to capital assets outside India	-	-
Total	43.51	226.98

Amount of sales to customer more than 10% of total sales:

Particulars	March 31, 2024	March 31, 2023
John Deere India Pvt Ltd	773.74	982.25
Total	773.74	982.25

31 Income tax

A The major components of income tax expenses for the year ended March 31, 2024 and March 31, 2023 are:

Particulars	March 31, 2024	March 31, 2023
Current tax		
Income Tax	81.74	37.24
Tax expense for earlier years	-	9.05
Net income tax expense	81.74	46.29
Deferred tax		
Relating to origination and reversal of temporary differences	(7.35)	13.01
Income tax expense reported in statement of profit and loss	74.39	59.30
Other comprehensive income (OCI) expense		
Deferred tax related to items recognised in OCI during the year	9.19	(2.89)
Net (gain)/ loss on remeasurement of defined benefit plan	9.19	(2.89)

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B Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:

Particulars	March 31, 2024	March 31, 2023
Profit before tax	290.75	169.26
At India's statutory income tax rate	25.168%	25.168%
Tax at full rate	73.18	42.60
Adjustments for:		
Effect of deferred tax assets created on timing differences in the current year	-	(2.29)
Tax expense/ (credit) for earlier years	-	9.05
Effect of tax on items in the nature of permanent disallowance in tax	1.21	9.94
	1.21	16.70
Income tax expense reported in the statement of profit and loss	74.39	59.30

C Deferred tax

Reconciliation of deferred tax asset (net):	March 31, 2024	March 31, 2023
Opening balances as at April 01	45.46	55.58
Tax (expense)/income during the year recognised in statement of profit and loss	7.35	(13.01)
Tax (expense)/income during the year recognised in OCI	(9.19)	2.89
Closing balance as at March 31	43.62	45.46

D Deferred tax assets (net)

Particulars	Balance sheet		Statement of profit and loss	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Deferred tax assets				
Provision for employee benefits	19.21	19.15	0.06	4.90
Other timing difference	26.82	24.74	2.08	(14.69)
	46.03	43.89	2.14	(9.79)
Deferred tax liability				
Difference between WDV as per tax and WDV as per financial statement	2.41	(1.57)	3.98	0.33
	2.41	(1.57)	3.98	0.33
Deferred tax (credit)			(1.84)	(10.12)
Net deferred tax asset	43.62	45.46		

The Company offsets the tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The Company has opted for the lower tax regime as per Section 115BAA of Income Tax Act, 1961 from the financial year 2021-22 and has accordingly created current tax provision and deferred tax @ 25.168%.

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32 Details of dues to Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)

	March 31, 2024	March 31, 2023
The principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
The Principal amount due to micro and small enterprises	21.69	157.40
Interest due on above	-	-
	21.69	157.40
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	1.10	2.12
The amount of interest accrued and remaining unpaid at the end of each accounting year.	1.10	2.12
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	34.60	33.50

The Company has compiled this information based on intimations received from the suppliers of their status as Micro, Medium or Small Enterprises and/or its registration with the appropriate authority under the Micro, Small and Medium Enterprises Development Act, 2006.

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33 Related party disclosure

(a) Names of the related parties and related party relationship

Related party where controls exists

A	Holding company	- Danfoss Fluid Power Private Limited (INEHCO)
	Ultimate holding entity	- Bitten & Mads Clausens Foundation
	Ultimate holding company	- Danfoss A/S

Related parties with whom transactions have taken place during the year and previous year

B	Fellow subsidiaries	- Danfoss Power Solutions II LLC (9101)
		- Danfoss Power Solutions II LLC (9102)
		- Danfoss Power Solutions II (9103)
		- Danfoss Power Solutions II (9106)
		- Danfoss Power Solutions II (9107)
		- Danfoss Power Solutions II (9114)
		- Danfoss Power Solutions II (9116)
		- Danfoss Power Solutions II (9117)
		- Danfoss Power Solutions II (9120)
		- Danfoss Power Solutions INC (9131)
		- Danfoss Power Solutions (Japan) Limited (9151)
		- Danfoss Power Solutions (Jinning) Co., Ltd. (9168)
		- Danfoss Power Solutions (Ningbo) Co., Ltd. (9170)
		- Danfoss Power Solutions II PTE LTD (9140)
		- Danfoss Power Solutions (Shanghai) Co., Ltd (9167)
		- Danfoss Distribution II A/S (9136)
		- Danfoss Power Solutions Inc. (9133)
		- Danfoss Power Solutions Inc. (9132)
		- Danfoss Industries Private Limited (INCO)
		- Danfoss Power Solutions II Technology A/S (9176)
		- Danfoss Power Solutions II Pty Ltd (9173)
		- Danfoss Power Solutions (USSDAMS)
		- Danfoss Power Solutions S.R.L.
		- Danfoss Limited (GBSCS)
		- Danfoss Limited (GBCOB)
		- Danfoss Power Solutions II Ltd (9125)
		- Danfoss Power Solutions II B.V. (9143)
		- Danfoss Power Solutions II S.A.S. (9162)
		- Danfoss Power Solutions II GmbH (9165)
		- Polimer Kaucuk Sanayi VE Pazarlama A.S. , Turkey (9130)
		- Danfoss Power Solutions India Pvt Ltd (INSDPUN)
		- Danfoss Power Solutions (US) Company
		- Aeroquip Do Brasil Ltda-9174
		- Danfoss Power Solutions a.s.(SKSDSK)
		- Danfoss Power Solutions GmbH & Co OHG, Germany (DESDNMS)
		- Danfoss Korea Limited (9135)
		- Eaton India Innovation

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33 Related party disclosure (continued)

C	Key management personnel	<ul style="list-style-type: none">- Prasanna Kumar, Director (upto May 24, 2023)- Prajakta Sangoram, Independent Director- Akshay Bhalchandra Purandare, Independent Director (w.e.f. July 19, 2023)- Surendra Yeshwant Kelkar, Independent Director (upto October 31, 2022)- Ravicharan Purushottam Director- Torben Jessen Christensen, Director- Binu Antony Kuttickatt, Director (w.e.f. May 24, 2023)- Anders Stahlschmidt, Director
D	Employee benefit plans where there is significant influence	<ul style="list-style-type: none">- Vickers Sperry of India limited, Employee's Group Gratuity-cum-Life Assurance Scheme- EFPL Officers' Group Superannuation Scheme
E	Other related parties	<ul style="list-style-type: none">- Kirtane & Pandit LLP (w.e.f. July 19, 2023)

Bracketed numbers/codes suffixed to certain names indicate internal identifier (LE code) used by the Company and retained for ease of reference.

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33 Related party disclosure (continued)

(b) Transactions with related parties for the year ended March 31, 2024 and March 31, 2023 along with balances as at March 31, 2024 and March 31, 2023 are as follows:

Particulars	March 31, 2024	March 31, 2023
<u>Revenue/Income</u>		
Sale of products [refer note 33 (e) (i)]	770.87	596.98
Sale of services	10.83	0.47
Rent received	3.56	3.18
Expenses recovered	5.13	5.29
<u>Cost / expenditure</u>		
Purchase of plant, property and equipment	-	11.03
Purchases of raw material and trading goods	1,531.17	1,438.08
Interest expense	51.61	73.20
Purchase of stores and spares	0.31	-
Repairs and maintenance	0.55	0.63
Legal and professional fees	0.97	-
Corporate support charges	306.72	231.52
Royalty expense	138.93	148.87
Director sitting fees	0.25	0.15
<u>Managerial remuneration</u>		
Remuneration paid to key managerial personnel [refer note 33 (e) (ii)]	14.91	10.16
Contributions paid to employee benefit plans	2.36	31.30
<u>Particulars</u>		
<u>Closing balances at the year end</u>		
Current / Non Current borrowings	335.85	623.25
Trade payables	632.73	478.48
Trade receivables	132.93	159.80

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33 Related party disclosure (continued)

(c) Related party transactions, the amount of which is in excess of 10% of total related party transactions are disclosed below (continued):

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<u>Sale of products [refer note 33 (e) (iii)]</u>		
Danfoss Power Solutions II LLC (9101)	535.06	361.24
Danfoss Power Solutions INC (9131)	216.26	223.36
<u>Sale of services</u>		
Danfoss Power Solutions India Pvt Ltd (INSDPUN)	10.69	0.46
<u>Rent received</u>		
Danfoss Industries Private Limited (INCO)	3.50	3.12
<u>Expenses recovered</u>		
Danfoss Industries Private Limited (INCO)	5.13	5.29
<u>Purchases of raw materials and trading goods</u>		
Danfoss Power Solutions INC (9131)	-	270.72
Danfoss Power Solutions INC (9133)	181.29	-
Danfoss Power Solutions II LLC (9117)	198.29	-
Danfoss Power Solutions II LLC (9101)	-	392.93
Danfoss Power Solutions (Jinning) Co., Ltd. (9168)	263.03	319.01
Danfoss Power Solutions II B.V.	308.27	-
Polimer Kaucuk Sanayi VE Pazarlama A.S. , Turkey (9130)	46.78	199.76
<u>Purchases of Property, plant and equipment</u>		
Danfoss Power Solutions India Pvt Ltd (INSDPUN)	-	11.03
<u>Interest expense</u>		
Danfoss Industries Private Limited (INCO)	44.41	64.87
Danfoss Fluid Power Private Limited (INEHCO)	7.21	8.33
<u>Purchase of stores and spares</u>		
Danfoss Power Solutions India Pvt Ltd (INSDPUN)	0.24	-
Danfoss Power Solutions II LLC (9102)	0.07	-
<u>Repairs and maintenance</u>		
Danfoss Power Solutions II LLC (9101)	-	0.24
Danfoss Distribution II A/S (9136)	0.14	0.10
Danfoss Power Solutions INC (9131)	0.29	0.16
Danfoss Limited	0.12	-
Eaton Industries (Japan) Limited (3512)	-	0.13
<u>Corporate support charges</u>		
Danfoss Power Solutions II, LLC	170.45	179.45
Danfoss A/S	84.26	-
Danfoss Fluid Power Private Limited	16.84	28.03
Danfoss Power Solutions II GmbH	27.48	23.54
<u>Royalty expense</u>		
Danfoss Power Solutions II Technology A/S (9176)	-	36.71
Danfoss A/S	138.93	112.16
<u>Legal and professional expenses</u>		
Danfoss Power Solutions India Pvt Ltd (INSDPUN)	0.13	-
Kirtane & Pandit LLP	0.64	-
Danfoss Industries Private Limited (INCO)	0.20	-

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33 Related party disclosure (continued)

(c) Related party transactions, the amount of which is in excess of 10% of total related party transactions are disclosed below (continued):

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<u>Director sitting fees</u>		
Surendra Yeshwant Kelkar, Independent Director (upto October 31, 2022)	-	0.08
Prajakta Prakash Kulkarni, Independent Director	0.18	0.08
Akshay Bhalchandra Purandare, Independent Director (w.e.f July 19, 2023)	0.08	-
<u>Managerial remuneration [refer note 33 (e) (i) and (ii)]</u>		
Prasanna Kumar, Director (upto May 24, 2023)	6.76	10.16
Binu Antony Kuttickatt, Director (w.e.f. May 24, 2023)	8.14	-
<u>Contributions paid to employee benefit plans</u>		
Vickers Sperry of India limited, Employees' Group Gratuity-cum-Life Assurance Scheme	1.98	30.85
EFPL Officers' Group Superannuation Scheme	0.38	0.45

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33 Related party disclosure (continued)

(d) Closing balances as at March 31, 2024, the amount of which is in excess of 10% of total closing balances are disclosed below:

Particulars	As at March 31, 2024	As at March 31, 2023
<u>Current/Non Current borrowings repaid</u>		
Danfoss Industries Private Limited (INCO)	602.50	260.00
Danfoss Fluid Power Private Limited (INEHCO)	20.00	-
<u>Current/Non Current borrowings raised</u>		
Danfoss Industries Private Limited (INCO)	330.00	-
<u>Current/Non Current borrowings</u>		
Danfoss Industries Private Limited (INCO)	260.31	528.94
Danfoss Fluid Power Private Limited (INEHCO)	75.54	94.31
<u>Trade payables</u>		
Danfoss Power Solutions INC (9131)	-	73.61
Danfoss Power Solutions II LLC (9101)	-	148.03
Danfoss A/S	6.78	36.21
Danfoss Power Solutions (Jinning) Co., Ltd. (9168)	44.20	55.46
Polimer Kaucuk Sanayi VE Pazarlama A.S. , Turkey (9130)	75.52	69.32
<u>Trade receivables</u>		
Danfoss Power Solutions INC (9131)	26.95	49.67
Danfoss Power Solutions II LLC (9101)	96.79	95.43

33 (e) Notes:

(i) The sales to and purchase from related parties are made on terms equivalent to those that prevail in arm's length transaction. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash other than reported above. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2024, the Company has not recorded any impairment of receivables relating to amounts owned by related parties (March 31, 2023: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(ii) Liability for post employment benefits such as gratuity and leave encashment is provided on an actuarial basis for the Company as a whole. Accordingly the amount pertaining to key managerial personnel is not ascertainable and therefore, not included.

(iii) The Company has made free of cost Sales of 492 units (March 31, 2023: 81 units) to various related parties.

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34 Financial instruments by category

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments as of March 31, 2024:

Particulars	Amortised Cost	Total carrying value	Total fair value
Financial assets			
Loans	1.64	1.64	1.64
Trade and other receivables	894.59	894.59	894.59
Cash and cash equivalents	3.53	3.53	3.53
Others financial assets	12.95	12.95	12.95
Total	912.71	912.71	912.71
Financial liabilities			
Borrowings	350.66	350.66	350.66
Lease Liabilities	25.08	25.08	25.08
Trade payables	977.89	977.89	977.89
Other financial liabilities	52.21	52.21	52.21
Total	1,405.84	1,405.84	1,405.84

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments as of March 31, 2023:

Particulars	Amortised Cost	Total carrying value	Total fair value
Financial assets			
Loans	1.88	1.88	1.88
Trade and other receivables	1,016.62	1,016.62	1,016.62
Cash and cash equivalents	3.50	3.50	3.50
Others financial assets	7.69	7.69	7.69
Total	1,029.69	1,029.69	1,029.69
Financial liabilities			
Borrowings	663.61	663.61	663.61
Lease Liabilities	1.39	1.39	1.39
Trade payables	918.41	918.41	918.41
Other financial liabilities	32.38	32.38	32.38
Total	1,615.79	1,615.79	1,615.79

The management assessed that the fair value of cash and cash equivalent, loans, trade receivables, trade and other payables, borrowings and other current financial assets approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties.

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35 Financial risk management objectives and policies

The Company's principal financial liabilities comprise trade and other payables and borrowings. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include loans, trade and other receivables and cash and cash equivalents that derive directly from its operations.

The Risk Management policies of the Company are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk.

The sensitivity analysis in the following sections relate to the position as at March 31, 2024 and March 31, 2023.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company has certain financial assets and financial liabilities in foreign currencies which expose the Company to foreign currency risks.

Foreign currency sensitivity

To manage the foreign currency risk arising from recognised assets and liabilities, the Company used forward covers to hedge the risk of fluctuation in some cases as and when required. The following tables demonstrate the sensitivity to a reasonably possible change in USD, EURO, JPY, SGD and CNY exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

Currency	%Change in Foreign Currency rate	Impact on profit before tax	
		March 31, 2024	March 31, 2023
USD	5% increase	(0.28)	(0.20)
	5% decrease	0.28	0.20
EURO	5% increase	(0.01)	(0.01)
	5% decrease	0.01	0.01
JPY	5% increase	(0.11)	(0.00)
	5% decrease	0.11	0.00
SGD	5% increase	(0.01)	(0.04)
	5% decrease	0.01	0.04
CNY	5% increase	-	(0.01)
	5% decrease	-	0.01

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have significant exposure to the risk of changes in market interest rates as the short term borrowings are obtained at fixed interest rates from a related party.

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(All amounts in INR million unless otherwise stated)

35 Financial risk management objectives and policies (continued)

b. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk primarily from trade receivables, other receivables, loans and deposits with banks.

Trade receivables

Senior management is responsible for managing and analysing the credit risk for each of their new clients before standard payment, delivery terms and conditions are offered. The Company assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are based on internal and external assessment. The utilisation of credit limits is regularly monitored. In accordance with Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company follows simplified approach for recognition of impairment loss allowance on Trade receivable.

Financial instruments and cash deposits

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks with high credit ratings.

c. Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The Company's objective is to, at all times to maintain optimum levels of liquidity to meet its cash and other obligations. The Company requires funds both for short term operational needs as well as for long term investment programs such as investment in property plant and equipments. The Company closely monitors its liquidity position and deploys a robust cash management system. It aims to minimise these risks by generating sufficient cash flows from its current operations, which in addition to the available cash and cash equivalents and sufficient committed fund facilities, will provide liquidity.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

As at March 31, 2024	Less than 12 months	1-5 years	More than 5 years
Borrowings	350.66	-	-
Lease liabilities	8.60	21.77	-
Trade payables	977.89	-	-
Other financial liabilities	52.21	-	-
	1,389.36	21.77	-
As at March 31, 2023	Less than 12 months	1-5 years	More than 5 years
Borrowings	196.11	467.50	-
Lease liabilities	1.39	-	-
Trade payables	918.41	-	-
Other financial liabilities	32.38	-	-
	1,148.29	467.50	-

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36 Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise shareholder's value. The Company manages its capital and makes adjustments to it in light of the changes in economic and market conditions.

The Company monitors capital using a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus all other equity reserves attributable to equity holders of the Company.

	As at March 31, 2024	As at March 31, 2023
Borrowings	350.66	663.61
Less: Cash and cash equivalents	3.53	3.50
Net debt	347.13	660.11
Equity	1,085.39	841.71
Gearing ratio (times)	0.32	0.78

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2024 and March 31, 2023.

- 37** With effect from August 5, 2022, the Ministry of Corporate Affairs (MCA) has amended the Companies (Accounts) Rules, 2014, relating to maintenance of electronic books of account and other relevant books and papers. Pursuant to this amendment, the Company is required to maintain the books of account which are accessible in India at all times and their backup is to be kept on servers located in India on a daily basis.

The Company has migrated from Oracle R12 to SAP HANA accounting software during the year. Proper books of accounts with respect to both the accounting softwares are maintained by the Company in electronic mode and are accessible in India at all times as required by law. However, the servers in which backups are maintained are not physically located in India. The Company will take appropriate measures to comply with the regulations.

- 38** The Company has migrated from Oracle R12 to SAP HANA accounting software during the year. The audit trail feature in respect of the Oracle R12 is not enabled. The Company has used accounting software SAP HANA which has a feature of recording audit trail (edit log) facility and the same has operated from February 04, 2024 for all relevant transactions recorded in the software, except that audit trail feature is not enabled for certain changes made using privileged/ administrative access rights to the SAP HANA application and the underlying HANA database. Further no instance of audit trail feature being tampered with was noted in respect of accounting software SAP HANA where the audit trail has been enabled.

Additionally, to mitigate the risks, the Company has a security monitoring process via Security Information and Event Management (SIEM) solution and have engaged a Security Operation Center.

- 39** The Company had incurred expenditure in the nature of power, utilities maintenance, travelling and conveyance, administrative services etc against which proportionate cost of INR 5.13 millions (March 31, 2023: INR 5.29 millions) was charged to other Group entities based on Memorandum of Understanding between the companies.
- 40** Based on the agreement between the Company and other Danfoss Group companies, Companies have charged a sum for providing information technology support services, global support services, transition support services, corporate finance support services and other services, etc.

Party Name	For the year ended March 31, 2024	For the year ended March 31, 2023
Danfoss Power Solutions II, LLC	170.45	179.45
Danfoss A/S	84.26	-
Danfoss Fluid Power Private Limited	16.84	23.54
Danfoss Power Solutions II GmbH	27.48	28.03
Danfoss Industries Private Limited	6.83	0.50
Danfoss Power Solutions India Private Limited	0.86	-

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41. Leases

Company as a lessee

The Company has entered into a arrangements to obtain warehouse and solar panels on lease. The lease arrangement is for 3 years and includes escalation clause. The Company also has leases for office premises with lease terms of 12 months or less and other low value asset leases. The Company has applied the 'short term lease' and 'lease of low-value-assets' recognition exemption for these leases.

The carrying amounts of right-of-use assets recognised and the movement during the year is disclosed in note 3D.

(a) Set out below are the carrying amounts of lease liabilities (included under other financial liabilities) and the movements during the year:

Particulars	As at March 31, 2024	As at March 31, 2023
Lease Liabilities		
As at April 01	1.39	0.75
Additions	28.12	3.14
Interest accrued (refer note 23)	1.54	0.34
Payments	(5.97)	(2.84)
As at March 31	<u>25.08</u>	<u>1.39</u>
Current portion	8.34	1.39
Non-current portion	16.74	-
	<u>25.08</u>	<u>1.39</u>

The maturity analysis of lease liabilities are disclosed in note 35.

The effective interest rate for lease liabilities is 8.50% to 9.00%, with maturity between 2024-2026.

(c) The following are the amounts recognised in statement of profit and loss:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation expense of right-of-use assets (note 22)	5.02	2.63
Interest expense on lease liabilities (note 23)	1.54	0.34
Expense relating to short-term leases and low value leases (included in other expenses) (refer note 24)	6.40	3.79
	<u>12.96</u>	<u>6.76</u>

Company as a lessor

Operating lease (cancellable)

The Company has entered into operating lease agreement with its Group Companies for leasing part of its office space located at Pimpri, Pune for a lease term of 36 months.

The lease rentals are credited to the Statement of profit and loss. The lease is cancellable by giving 30 days notice and does not include any rent escalation for future period. Future lease rentals are determined on the basis of lease payments as per mutually agreed terms. The below lease rentals do not include contingent rent.

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Recovery of rent from group companies on leasing out office building (refer note 18)	3.56	3.18
	<u>3.56</u>	<u>3.18</u>

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42 Note on Social Security

Government of India's Code for Social Security 2020 ('Code') received assent from the Presidential in September 2020. However, the date from which the Code will become applicable and the relevant Rules have not yet been notified. The Company will assess the impact of the Code and account for the same once the effective date and the rules are notified.

43 Ratio Analysis and its elements

Ratio	Numerator	Denominator	As at March 31, 2024	As at March 31, 2023	% change	Reason for variance
Current ratio	Current Assets	Current Liabilities	1.12	1.29	-12.92%	NA
Debt- Equity Ratio	Total Debt	Shareholder's Equity	0.32	0.79	-59.02%	During the year ended March 31, 2024, shareholders equity has increased due to profit generated from operations while borrowing has reduced, leading to strengthening of ratio in current year.
Debt Service Coverage ratio	Net profit after taxes + Non-cash operating expenses	Interest & lease payments + Principal Repayments	0.45	0.64	-29.30%	The ratio has declined due to higher repayment of borrowings during the year ended March 31, 2024 compared to previous year.
Return on Equity ratio	Net Profits after taxes - Preference Dividend	Average Shareholder's Equity	22.45%	13.90%	61.54%	Improved profits for the year ended March 31, 2024 has led to higher Return on equity ratio.
Inventory Turnover ratio	Cost of goods sold	Average Inventory	4.60	4.00	14.96%	NA
Trade Receivable Turnover Ratio	Net credit sales= Gross credit sales - sales return	Average Trade Receivable	5.38	4.61	16.76%	NA
Trade Payable Turnover Ratio	Net credit purchases= Gross credit purchases - purchase return	Average Trade Payables	3.71	3.55	4.53%	NA
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets - Current liabilities	25.81	11.09	132.76%	Due to increase in current borrowings as at March 31, 2023, net working capital has reduced leading to increased Net Capital Turnover Ratio.
Net Profit ratio	Net Profit	Net sales = Total sales - sales return	4.18%	2.30%	81.77%	Improved turnover with stable operating margin for the year ended March 31, 2024 has led to higher Net Profit ratio.
Return on Capital Employed	Earnings before interest and taxes	Capital Employed= Tangible net worth+ total debt+ deferred tax liability	24.93%	16.81%	48.30%	Improved turnover with stable operating margin for the year ended March 31, 2024 has led to higher return on capital employed.
Return on Investment	Income generated from invested funds	Average invested funds in treasury investments	NA	NA	NA	NA

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44. Other statutory information

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii) The Company has following transaction with the below mentioned Company struck off under section 248 of Companies Act, 2013:

As at March 31, 2024

Name of struck off Company	Nature of transaction	Amount of transaction	Balance outstanding	Relationship with the struck off Company, if any
Nil	Nil	Nil	Nil	NA

As at March 31, 2023

Name of struck off Company	Nature of transaction	Amount of transaction	Balance outstanding	Relationship with the struck off Company, if any
Microvision Calibration Laboratory's Private Limited (U74999PN2004PTC019960)	Purchase	0.05	Nil	None

(iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Company have not traded or invested in Crypto currency or Virtual currency during the financial year.

(v) The Company have not advanced or loaned or invested funds to any other persons or entity, including foreign entities (Intermediaries) with the understanding that the intermediary shall:

- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(vi) The Company have not received any fund from any persons or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(vii) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(viii) During the year ended March 31, 2024, the Company was not party to any approved scheme which needs approval from competent authority in terms of section 230 to 237 of the Companies Act, 2013.

(ix) The Company is not declared as willful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof or other lender in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India.

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration number: 324982E/E300003

For and on behalf of the Board of Directors of **Danfoss Systems Limited**
CIN: U29120PN1965PLC015850

Sd/-
per Tridevjal Khandelwal
Partner
Membership No: 501160
Place: Pune
Date : November 19, 2024

Sd/-
Ravichandran Purushothaman
Director
DIN: 06584433
Place: Chennai
Date : November 19, 2024

Sd/-
Binu Antony Kuttickatt
Director
DIN: 10167302
Place: Pune
Date : November 19, 2024

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TOMORROW**

