



Danfoss Systems Limited

(Formerly known as
Eaton Fluid Power Limited)
145, Off Mumbai Pune Road,
Pimpri, Pune – 411018,
Maharashtra, India

Phone No: 020 6633 0083
Email ID: danfoss.pimpri@danfoss.com
CIN: U29120PN1965PLC015850
GST: 27AAACV8426E1ZB

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-Eighth Annual General Meeting of Danfoss Systems Limited (Formerly known as Eaton Fluid Power Limited) (CIN: U29120PN1965PLC015850) will be held on Friday, September 29, 2023, at 12.30 PM 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, 2023, together with the Auditor's Report and Board's Report thereon.
2. To appoint a director in place of Torben Jessen Christensen (DIN:08005313) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. To ratify the remuneration of M/s. C.S. Adawadkar & Co., Cost Accountants, Pune as Cost Auditors for the financial year ending March 31, 2024:

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, 2024.

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.

Registered Office:

Danfoss Systems Limited, (Formerly known as Eaton Fluid Power Limited),
145, Off Mumbai Pune Road, Pimpri, Pune – 411018, Maharashtra, India



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."

4. To increase limits of Borrowing by INR 500 crores under Section 180(1)(c) of the Companies Act, 2013

To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

"RESOLVED THAT in supersession of the earlier resolutions passed by the shareholders of the Company in this regard, and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, and the Articles of Association of the Company, the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee thereof) for borrowing an amount not exceeding INR 500 crores over and above the existing borrowing limit of INR 218.30 crores, which was approved in Annual General meeting held on 30th September 2022, as and when required in one or more tranches on such terms and conditions and with or without security as may be considered suitable by the Board for meeting the purpose of funding the business activities.

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

5. Re-Appointment of Mrs. Prajakta Sangoram (DIN:07958834) as an Independent director

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

RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended from time to time, Mrs. Prajakta Sangoram (DIN:07958834), who was appointed as an Additional Independent Director by the Board on November 10th, 2017, and term expired on 9th November 2022. As per Section 161 of the Act, and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act, signifying its intention to propose Mrs. Prajakta Sangoram as a candidate for the office of Director of the Company, be and is hereby re-appointed as an additional independent Director of the Company for the second term of 5 years with effect from 10th November 2022.

RESOLVED FURTHER THAT any Director of the Company, be and is hereby severally authorized to file necessary returns/forms to the Registrar of Companies and to do all such acts, deeds, and things that may be necessary, proper, expedient, or incidental for the purpose of giving effect to the aforesaid resolution."

6. Appointment of Mr. Binu Antony Kuttickatt (DIN: 10167302) as a Director

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 152 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended from time to time, Mr. Binu Antony Kuttickatt (DIN: 10167302), who was appointed as an Additional Director by the Board on 24th May 2023 and who holds office upto the date of this Annual General Meeting in terms of Section 161 of the Act, and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act, signifying its intention to propose Mr. Binu Antony Kuttickatt as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT any Director of the Company, be and is hereby severally authorized to file necessary returns/forms to the Registrar of Companies and to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution."

7. Appointment of Mr. Akshay Bhalchandra Purandare (DIN: 09036987) as a Director

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 152 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended from time to time, Mr. Akshay Bhalchandra Purandare (DIN: 09036987) who was appointed as an Additional Director by the Board through circular resolution dated 18th July 2023 and who holds office up to the date of this Annual General Meeting in terms of Section 161 of the Act, and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act, signifying its intention to propose Mr. Akshay Bhalchandra Purandare as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT any Director of the Company, be and is hereby severally authorized to file necessary returns/forms to the Registrar of Companies and to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution."

NOTES:

1. In view of the outbreak of the COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has, vide its General Circular No. 14/2020 dated 8th April, 2020, General Circular No.17/2020 dated 13th April, 2020, General Circular No. 20/2020 dated 5th May, 2020, General Circular No.02/2021 dated 13th January, 2021 and General Circular 2/2022 dated 5th May 2022 (collectively referred to as "MCA Circulars"), 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 58th (Fifty Eighth) 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 58th 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 Friday, September 22, 2023 may cast their vote by remote e-Voting. The remote e-Voting period commences on Tuesday, September 26, 2023 at 9.00 a.m. (IST) and ends on Thursday, September 28, 2023 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 Friday, September 22, 2023.
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 2022-23 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 2022-23 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. **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.

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

1. Individual Shareholders holding securities in demat mode with NSDL

- a) Existing IDeAS user can visit the e-Services website of NSDL viz... <https://eservices.nsd.com> either on a personal computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company

name or e-Voting service provider name i.e. LINKINTIME and you will be re-directed to "InstaVote" website for casting your vote during the remote e-Voting period.

- b) If you are not registered for IDeAS e-Services, option to register is available at <https://eservices.nSDL.com> Select "Register Online for IDeAS Portal" or click at <https://eservices.nSDL.com/SecureWeb/IdeasDirectReg.jsp>
- c) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nSDL.com/> either on a personal computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.

2. Individual Shareholders holding securities in demat mode with CDSL

- a) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. The option will be made available to reach e-Voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password.
- b) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by the company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider i.e. LINKINTIME for casting your vote during the remote e-Voting period. Additionally, there are also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.
- c) If the user is not registered for Easi/Easiest, the option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option.
- d) Alternatively, the user can directly access the e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, the user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.



3. Individual Shareholders (holding securities in demat mode) login through their depository participants

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on the company name or e-Voting service provider name i.e. LinkIntime and you will be redirected to e-Voting service provider website for casting your 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. Open the internet browser and launch the 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:

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LI IPL at <https://instavote.linkintime.co.in> and register themselves as **'Custodian / Mutual Fund / Corporate Body'**. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the **'Custodian / Mutual Fund / Corporate Body'** login for the Scrutinizer to verify the same.

Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders:

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
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



Individual Shareholders holding securities in Physical mode has forgotten the password:

If an Individual Shareholders holding securities in Physical 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 '**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 minimum 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

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".

15. Process and manner for attending the Annual 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 Annual General Meeting through InstaMeet:

1. Shareholders who would like to speak during the meeting must register their request by 25th September 2023 (5:00 pm IST) with the company on ganapathy@danfoss.com.
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 Annual 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 Annual 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 Annual General Meeting will be eligible to attend/ participate in the Annual 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 58th (Fifty-Eighth) Annual General Meeting ("AGM") of Danfoss Systems Limited (Formerly known as Eaton Fluid Power Limited) on Friday, September 29, 2023 at 12.30 PM (IST):

Item 3:

The Board of Directors of the Company, at its meeting held on August 28, 2023, 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 2023-24, 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.

Item 4:

The Board of Directors of the Company at its meeting held on 28th August 2023 briefly discussed about increasing the borrowing limit Company.

The Board also noted that as per section 180(1)(c) of Companies Act 2013, if the company borrows any loan in excess the limits mentioned in the Section, approval of shareholders by the means of Special resolution is required.



As per the provisions of Section 180 of Companies Act 2013 read with other applicable provisions of the Act and applicable Rules, the Board of directors of the Company have already obtained the approval of shareholders by way of passing a special resolution for borrowing loan from any person or body corporate, provided that the amount borrowed does not exceed INR 218.30 crores. The Board now plans to increase the limit by a further INR 500 crores for expansion of the supply chain.

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.

The Board recommends the Special Resolution set forth in Item No. 4 for approval of the Shareholders.

Item 5:

The Board of Directors, at its Meeting held on November 10, 2022, have re appointed Mrs. Prajakta Sangoram (DIN:07958834), as an Additional Independent Director on the Board of the Company who holds office till conclusion of this Annual General Meeting.

Accordingly, in terms of the requirements of the provisions of Companies Act, 2013 approval of the members of the Company is required for reappointment of Mrs. Prajakta Sangoram as an Independent Director of the Company for the second term.

Brief profile of Mrs. Prajakta Sangoram is given below for reference of the members:

Mrs. Prajakta Sangoram is the proprietor of Milind Sangoram and Company, Chartered Accountants. Mrs. Prajakta is Chartered Accountant and Company Secretary and completed diploma in IFRS.

Mrs. Prajakta is an Independent Director and Audit Committee Member of Solapur City Development Corporation Limited (Solapur Smart City). Also, she is an Independent Director, Audit Committee Member, and Nomination and Remuneration Committee Member of Srivasavi Adhesive Tapes Limited. She is also a Non-Executive director of XRatos Labs Private Limited and RockLobster Games Private Limited.

Previously Mrs. Prajakta has worked in Fidel Softech Limited, Applied Micro Circuits India Private Limited and Larsen and Toubro Limited.

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.

The Board recommends the Special Resolution set forth in Item No. 5 for approval of the Shareholders.

Item 6:

The Board of Directors, at its Meeting held on May 29th, 2023, have appointed Mr. Binu Antony Kuttickatt (DIN: 10167302), as an Additional Director on the Board of the Company who holds office till conclusion of this Annual General Meeting.



Accordingly, in terms of the requirements of the provisions of Companies Act, 2013 approval of the members of the Company is required for regularization of Mr. Binu Antony Kuttickatt, as Director of the Company.

Brief profile of Mr. Binu Antony Kuttickatt is given below for reference of the members:

Mr. Binu did his Bachelor of Engineering in mechanical engineering from Bharathiar University, Coimbatore in 1991. Mr. Binu has 31 years of experience in engineering industry in the areas of operations, supply chain and procurement.

For the past twelve years, Mr. Binu headed Production, continuous improvement, maintenance, and EHS in Wagholi plant of Danfoss Power Solutions. Currently, he is responsible for the operations of Danfoss Systems Ltd, Pimpri.

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.

The Board recommends the Special Resolution set forth in Item No. 6 for approval of the Shareholders.

Item 7:

The Board of Directors, at its Meeting held on July 18th 2023, have appointed Mr. Akshay Bhalchandra Purandare (DIN: 09036987), through circular resolution as an Additional Independent Director on the Board of the Company who holds office till the conclusion of this Annual General Meeting.

Accordingly, in terms of the requirements of the provisions of Companies Act, 2013 approval of the members of the Company is required for regularization of Mr. Akshay Bhalchandra Purandare as Independent Director of the Company.

Brief profile of Mr. Akshay Bhalchandra Purandare is given below for reference of the members:

Mr. Akshay Bhalchandra Purandare is the founder partner of Purandare & Narwadkar Chartered Accountants. Mr. Akshay is Fellow Chartered Accountant and has more than eleven years of practice experience in Assurance, IFRS / Ind AS/ USGAAP and Financial Reporting. Mr. Akshay is a regular speaker and trainer on accounting, financial reporting & Companies Act 2013 matters at various forums including ICAI and Invited as technical expert of Start Up India for a 'Talk Show' on National television.

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Mr. Akshay has worked across various sectors for large and listed companies for setting up Internal Financial Controls, Corporate Governance, Enterprise Risk Management and was part of various committees of Pune ICAI on drafting research papers on technical subjects. Mr. Akshay has closely worked on listed, unlisted public companies, and large private limited companies on various engagements.

The Board recommends the resolution for acceptance by the members.

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)

PURUSHOTHAMAN RAVICHANDRAN Digitally signed by
PURUSHOTHAMAN RAVICHANDRAN
Date: 2023.09.06 11:54:51 +05'30'

Ravichandran Purushothaman

Director

DIN: 06584433

Place: Chennai

Date: September 06, 2023