ENGINEERING TOMORROW

Danfoss

Eaton Fluid Power Limited

(Member of Danfoss Group)

56th Annual Report

For the year ended March 31, 2021

Present Directors

Ravichandran Purushothaman (DIN: 06584433)
Torben Jessen Christensen (DIN: 08005313)
Anders Stahlschmidt (DIN: 08005318)
Prasannakumar Guttahalli (DIN; 08873121)
Surendra Kelkar (Independent Director) (DIN: 01163531)
Prajakta Sangoram (Independent Director) (DIN: 07958834)

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

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NOTICE OF THE MEETING

To the Members of Eaton Fluid Power Limited

Notice is hereby given that the Fifty-sixth Annual General Meeting of Eaton Fluid Power Limited (CIN: U29120PN1965PLC015850) will be held on Wednesday, November 24, 2021 at 11.00 a.m. 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, 2021 together with the Auditor's Report and Board's Report thereon.

SPECIAL BUSINESS:

2. To ratify the remuneration of M/s. C.S. Adawadkar & Co., Cost Accountants, Pune as Cost Auditors for the financial year ending March 31, 2022:

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, 2022.

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 or Company Secretary 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."

3. Appointment of Mr. RAVICHANDRAN PURUSHOTHAMAN (DIN: 06584433) 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. Ravichandran Purushothaman (DIN: 06584433), who was appointed as an Additional

Director by the Board on 2^{nd} August 2021 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. Ravichandran Purushothaman 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 or the Company Secretary 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."

4. Appointment of Mr. TORBEN JESSEN CHRISTENSEN (DIN: 08005313) 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. Torben Jessen Christensen (DIN: 08005313), who was appointed as an Additional Director by the Board on 2^{nd} August 2021 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. Torben Jessen Christensen 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 or the Company Secretary 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."

5. Appointment of Mr. ANDERS STAHLSCHMIDT (DIN: 08005318) 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. Anders Stahlschmidt (DIN: 08005318), who was appointed as an Additional Director by the Board on 2^{nd} August 2021 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. Anders Stahlschmidt 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 or the Company Secretary 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. GUTTAHALLI PRASANNAKUMAR (DIN: 08873121) 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. Guttahalli Prasannakumar (DIN: 08873121), who was appointed as an Additional Director by the Board on 3rd August 2021 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. Guttahalli Prasannakumar 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 or the Company Secretary 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, and General Circular No.02/2021 dated 13th January, 2021 (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 56th (Fifty Sixth) 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 56th 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 dematerialise 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, November 17, 2021 may cast their vote by remote e-Voting. The remote e-Voting period commences on Sunday, November 21, 2021 at 9.00 a.m. (IST) and ends on Tuesday, November 23, 2021 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, November 17, 2021.

7. CS Nital Tadphale, Practicing Company Secretary (ACS:19602, CP:20795) 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 https://www.danfoss.com/en/about-danfoss/company/financial-information/after the same is declared by the Chairman/authorized person.

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 csnitaltadphale@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 2020-21 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 2020-21 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. **Registration of email ID and Bank Account details:**

    In case the shareholder's email ID is already registered with the Company/its Registrar & Share Transfer Agent "RTA"/Depositories, log in details for e-voting are being sent on the registered email address.

    In case the shareholder has not registered his/her/their email address with the Company/its RTA/Depositories and or not updated the Bank Account mandate for receipt of dividend, the following instructions to be followed:

    (i) Kindly log in to the website of our RTA, Link Intime India Private Ltd., www.linkintime.co.in under Investor Services > Email/Bank detail Registration - fill in the details and upload the required documents and submit. **OR**

    (ii) In the case of Shares held in Demat mode:

    The shareholder may please contact the Depository Participant ("DP") and register the email address and bank account details in the demat account as per the process followed and advised by the DP.

15. Instructions for e-voting and joining the Annual General Meeting are as follows:

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

Shareholders/Members are entitled to attend the Annual General Meeting through VC/OAVM provided by Link Intime by following the below mentioned process. Facility for joining the Annual General Meeting through VC/OAVM shall open 15 minutes before the time scheduled for the Annual General Meeting and will be available to the Members on first come first serve basis.

Shareholders/Members are requested to participate on first come first serve basis as participation through VC/OAVM is limited and will be closed on expiry of 15 minutes from the scheduled time of the Annual General Meeting. Shareholders/Members with >2% shareholding, Promoters, Institutional Investors, Directors, KMPs, Chair Persons of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Auditors etc. may be allowed to the meeting without restrictions of first-come-first serve basis. Members can log in and join 15 minutes prior to the schedule time of the meeting and window for joining shall be kept open till the expiry of 15 minutes after the schedule time.

Shareholders/Members will be provided with InstaMeet facility wherein Shareholders/ Member shall register their details and attend the Annual General Meeting as under:

1. Open the internet browser and launch the URL: https://instameet.linkintime.co.in

2. 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.
3. Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).

Note:

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.

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

Shareholders who would like to speak during the meeting must register their request 3 days in advance with the company mentioning their name, demat account number/folio number, email id, mobile numberatganapathy@danfoss.com. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.

Shareholders will receive "speaking serial number" once they mark attendance for the meeting. Other shareholder may ask questions to the panellist, via active chat-board during the meeting.

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/ moderator 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.

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

InstaMeet Support Desk

Link Intime India Private Limited

Guidelines to attend the AGM proceedings of Link Intime India Pvt. Ltd.: InstaMEET

For a smooth experience of viewing the AGM proceedings of Link Intime India Pvt. Ltd. InstaMEET, shareholders/ members who are registered as speakers for the event are requested to download and install the Webex application in advance by following the instructions as under:

Please download and install the Webexapplication by clicking on the link https://www.webex.com/downloads.html/

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 56th (Fifty Sixth) Annual General Meeting ("AGM") of Eaton Fluid Power Limited on Wednesday, November 24, 2021at 11.00 a.m. (IST):

Item 2:

The Board of Directors of the Company, at its meeting held on May 17, 2021, 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 2021-22, 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. 2 for approval of the Shareholders.

Item 3:

The Board of Directors, at its Meeting held on August 2, 2021, have appointed Mr. Ravichandran Purushothaman (DIN: 06584433), 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. Ravichandran Purushothaman as Director of the Company.

Brief profile of Mr. Ravichandran Purushothaman is given below for reference of the member:

Mr. Ravichandran Purushothaman is the President (since 2013) of Danfoss Industries Private Limited, a 100% subsidiary of leading Danish MNC, Danfoss A/S, headquartered in Denmark & present in over 100+ countries across the globe. Prior to this role, Mr. Ravichandran Purushothaman was heading Danfoss Drives business in Asia Pacific. He has been active in Energy, Water, Food & Agri, Technology space supporting and mentoring several early-stage start-ups in India in various roles.

Mr. Ravichandran works extensively in the areas of cooling, Energy efficiency, decarbonization & food loss; contributing to the field through several thought leadership initiatives. He is an active member of various Industry bodies. He currently chairs CII Food & Agriculture Centre of Excellence Task Force on Cold Chain & Supply chain logistics and CII Green Building Energy efficiency council.

None of the Directors and Key Managerial Personnel of the Company and their relatives except Mr. Ravichandran Purushothaman is concerned or interested, financial or otherwise, in the resolution.

The Board of Directors recommends the Ordinary Resolution as set out in Item No. 3 in the Notice for approval of the Shareholders.

Item 4:

The Board of Directors, at its Meeting held on August 2, 2021, have appointed Mr. Torben Jessen Christensen (DIN: 08005313), 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. Torben Jessen Christensen as Director of the Company.

Brief profile of Mr. Torben Jessen Christensen is given below for reference of the member:

Mr. Torben Jessen Christensen is the Senior Vice President of Global Services, Danfoss A/S, a leading Danish MNC, headquartered in Denmark. Mr. Torben completed Financial Counselling I and II from the Danish Banking Academy. He also completed Graduated Diploma of Business Education in Accounting and Finance. Mr. Torben is placed as Member in several Boards of legal entities in Danfoss Group.

None of the Directors and Key Managerial Personnel of the Company and their relatives except Mr. Torben Jessen Christensen is concerned or interested, financial or otherwise, in the resolution.

The Board of Directors recommends the Ordinary Resolution as set out in Item No. 4 in the Notice for approval of the Shareholders

Item 5:

The Board of Directors, at its Meeting held on August 2, 2021, have appointed Mr. Anders Stahlschmidt (DIN: 08005318), 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. Anders Stahlschmidt as Director of the Company.

Brief profile of Mr. Anders Stahlschmidt is given below for reference of the member:

Mr. Anders Stahlschmidt is the General Counsel and Senior Vice President in Danfoss A/S, a leading Danish MNC, headquartered in Denmark. Mr. Anders has completed his Masters in Law form the Copenhagen University in the year 1993. Previously, Mr. Anders has worked as Associate Lawyer in Drachmann/Brorsen & Fogtdal Law Firm and as Lawyer in Bech-Bruun Law Firm.

Mr. Anders has been the Corporate counsel for Danfoss A/S and Group since 2004 and handles legal matters, risk management, compliance and ethics. Mr. Anders is placed as Member in several Boards of legal entities in Danfoss Group. He is also the Chairman of the Board of Gludan A/S, Secretary to the Board of Directors of Danfoss A/S and the Bitten and Mads Clausen Foundation.

None of the Directors and Key Managerial Personnel of the Company and their relatives except Mr. Anders Stahlschmidt is concerned or interested, financial or otherwise, in the resolution.

The Board of Directors recommends the Ordinary Resolution as set out in Item No. 5 in the Notice for approval of the Shareholders.

Item 6:

The Board of Directors, at its Meeting held on August 3, 2021, have appointed Mr. Guttahalli Prasannakumar (DIN: 08873121), 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. Guttahalli Prasannakumar as Director of the Company.

Brief profile of Mr. Guttahalli Prasannakumar is given below for reference of the member:

Mr. Prasannakumar has been with Eaton for more than 10 years and has held leadership roles in Corporate and Hydraulics business. Prasanna has over two decades of diversified Industry & Consulting experience. Mr. Prasanna Kumar was Whole Time Director & Campus Manager for Legacy Eaton Hydraulics Business. In his previous role, Mr. Prasanna was sub-regional Continuous Improvement Head for India and South East Asia within Eaton. He was responsible for driving Continuous Improvement & Eaton Business System.

Prasanna has Bachelor’s Degree in Mechanical Engineering and Masters in Manufacturing Management from BITS Pilani.

Prior to joining Eaton, Mr. Prasanna worked in various leadership and strategic roles in Operations, Consulting roles at Yuken, ABB, Bourton Group, Blackstone Gokaldas Exports.

None of the Directors and Key Managerial Personnel of the Company and their relatives except Mr. Guttahalli Prasannakumar is concerned or interested, financial or otherwise, in the resolution.

The Board of Directors recommends the Ordinary Resolution as set out in Item No. 6 in the Notice for approval of the Shareholders.

By Order of the Board of Directors

For Eaton Fluid Power Limited

Sd/-
Ravichandran Purushothaman
Director
DIN: 06584433
Place: Chennai
Date: 18th October 2021

BOARD'S REPORT

To the Members,

The Directors are pleased to present the 56th Annual Report of the Company along with the audited financial statements for the financial year ended March 31, 2021.

1. Financial results

Rupees in million

Particulars	2020-21	2019-2020
Revenue	3,651.97	3,760.27
Other income	44.50	14.14
Total Income	**3,696.47**	**3,774.41**
Expenses		
Operating expenditure	3,348.16	3,575.62
Depreciation and amortization expense	93.66	83.34
Total expenses	**3,441.82**	**3,658.96**
Profit before finance costs and tax	254.65	115.45
Finance costs	76.36	92.49
Profit before tax (PBT)	**178.29**	**22.96**
Tax expenses	32.51	125.64
Profit/ (Loss) for the year	**145.78**	**(102.68)**
Total comprehensive income for the year	**143.83**	**(106.98)**
Attributable to:		
Shareholders of the Company		
Non-controlling interests		
Opening balance of retained earnings	**139.83**	**246.81**
Closing balance of retained earnings	**283.66**	**139.83**

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

Your Company reported revenue from operations of Rs. 3,651.97 million, a decline of 3% over previous year. The decline in revenue is mainly attributable to pandemic and travel restrictions, predominantly in Q1 of the financial year, on end markets and economy at large.

3. Annual General Meeting

The Annual General Meeting for the financial year ended March 31, 2020 was held on August 31, 2020 through Video Conferencing ('VC') / Other Audio-Visual Means ('OAVM').

4. Dividend

The directors do not recommend any dividend.

5. Transfer to reserves

The Company is not proposing any transfer to the General Reserve for the financial year 2020-21.

6. COVID-19

The world is facing the COVID-19 pandemic situation which has developed rapidly into a global crisis, this has necessitated the Central and State Governments in India to enforce lock-downs measures in the countries. With Covid-19 at its peak in 2020, the world experienced constrained human activities that led to shrinkage of global economy. With increased vaccination drives and reduction in cases, the lockdown restrictions were eased out in a phased manner and partial normalcy resumed in the second quarter. We ensured that our employees are provided with all the means to fight this pandemic situation so that our deliveries and servicing to the customers worldwide is not adversely impacted. Most of our office employees started working from home and we started working our manufacturing plants partially as per the government directives. We strictly implemented all the lockdown and partial operations related directives of the government and ensured that all the safety measures like social distancing, use of masks, protective shields, barricading, sanitization and disinfection of plant and other areas, temperature monitoring and tracking etc. are implemented at our offices and manufacturing plants. With the strong support from the local and global Eaton management, these efforts have reinforced customer confidence in our company, and we are continuing serving our customers. Although our operations and operations of our customers and suppliers are adversely impacted due to this pandemic situation and slowdown in the economic activity, we are confident that this situation will improve soon, and various timely measures taken by the Management to deal with this difficult situation will start showing the favorable results. There was no significant impact on assets, including property, plant and equipment, receivables, inventories etc. due to Covid-19 during FY 2020-21.

7. Eaton's shareholding

52.61% of paid up equity share capital of the Company is held by ETN Holding 2 Limited, Mauritius, which is the holding Company. 45.00% of paid up equity share capital of the Company is held by Eaton Technologies Private Limited to which the Company is an Associate Company.

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) has been sold by ETN Holding 2 Limited (52.61%) and Eaton Technologies Private Limited (45%) to Danfoss Fluid Power Private Limited (step-down subsidiary of Danfoss International A/S, Denmark) on 2nd August 2021. Consequently, 97.61% of the shares of the Company is now held by Danfoss Fluid Power Private Limited.

8. Extract of annual return

Pursuant to amendment made on 28th August 2020 in the 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 on https://www.danfoss.com/en/about-danfoss/company/financial-information/ this website after the same is uploaded on mca.gov.in as it contains information pertaining to ensuing Annual General Meeting.

9. Number of meetings of the Board

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

Sr. No.	Date of the Board Meeting	Director's attendance
1.	July 28, 2020	Shandar Alam Sachit Nayak Nilesh Dharwadkar Surendra Kelkar Prajakta Kulkarni
2.	November 5, 2020	Prasanna Kumar GN Sachit Nayak Nilesh Dharwadkar Prajakta Kulkarni
3.	January 14, 2021	Prasanna Kumar GN Nilesh Dharwadkar Surendra Kelkar Prajakta Kulkarni
4.	March 25, 2021	Prasanna Kumar GN Sachit Nayak Nilesh Dharwadkar Surendra Kelkar

10. Number of meetings of the Independent Directors

Sr. No.	Date of the Meeting	Independent Director's attendance
1.	March 24, 2021	Surendra Kelkar Prajakta Kulkarni

11. Number of meetings of the Audit Committee

Sr. No.	Date of the Meeting	Member's attendance
1.	July 28, 2020	Sachit Nayak Surendra Kelkar Prajakta Kulkarni

12. Number of meetings of Stakeholders Relationship Committee

Sr. No.	Date of the Meeting	Member's attendance
1.	November 5, 2020	Sachit Nayak Prasanna Kumar GN Nilesh Dharwadkar

13. Number of meetings of Nomination and Remuneration Committee

Sr. No.	Date of the Meeting	Member's attendance
1.	July 28, 2021	Sachit Nayak Surendra Kelkar Prajakta Kulkarni
2.	November 5, 2020	Sachit Nayak Prajakta Kulkarni

14. Number of meetings of Corporate Social Responsibility Committee

Sr. No.	Date of the Meeting	Member's attendance
1.	March 25, 2021	Prasanna Kumar GN Sachit Nayak Surendra Kelkar

15. Composition of Audit Committee as on 31st March 2021

Sr. No.	Name of the Director	Category
1.	Sachit Nayak	Chairman, Non-executive Director
2.	Surendra Kelkar	Non-executive, Independent Director
3.	Prajakta Kulkarni	Non-executive, Independent Director

16. Composition of Stakeholders Relationship Committee as on 31st March 2021

Sr. No.	Name of the Director	Category
1.	Sachit Nayak	Chairman, Non-executive Director
2.	Prasanna Kumar GN	Executive, Whole-time Director
3.	Nilesh Dharwadkar	Non-executive Director

During the Financial Year 2020-21, Mr. Shandar Alam ceased to be the member of the committee due to resignation from the position of Managing Director of the Company effective from July 31, 2020 and Mr. Prasanna Kumar GN appointed as a member of the committee in the Board Meeting held on November 5, 2020 upon his appointment as Whole-time Director of the Company effective from October 1, 2020.

17. Composition of Nomination and Remuneration Committee as on 31st March 2021

Sr. No.	Name of the Director	Category
1.	Sachit Nayak	Chairman, Non-executive Director
2.	Surendra Kelkar	Non-executive, Independent Director
3.	Prajakta Kulkarni	Non-executive, Independent Director

18. Directors Responsibility Statement

Your Directors state that:

a. in the preparation of the annual accounts for the year ended March 31, 2021, 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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 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.

19. Statement of declaration given by independent directors

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

20. 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 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.

21. Statutory Auditors

The Company has appointed M/s. S R B C & CO LLP, Chartered Accountants (ICAI Firm Registration Number 324982E / E300003) statutory auditors for a period of 5 years to hold office till the conclusion of the 59th Annual General Meeting.

22. Explanation or comments on qualifications, reservations or adverse remarks or disclaimers made by the statutory auditors in their reports

No qualifications, reservations, adverse remarks or disclaimers made by the statutory auditors in their report.

23. 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.

24. Maintenance of cost records

The Company is required to maintain cost records as specified by the Central Government under sub-section (1) of Section148 of the Companies Act, 2013 and accordingly such accounts and records are made and maintained.

25. Cost Auditors

Your Company has appointed M/s. C.S. Adawadkar & Co., Cost Accountants as Cost Auditors of the Company for the financial year 2021-22 at the remuneration of Rs. 3,00,000/- (Rupees Three Lakhs only) which is subject to the approval of members in ensuing Annual General Meeting.

26. 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. Secretarial Audit Report for the financial year 2020-21 issued in the prescribed form MR-3 is annexed to this Report.

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

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

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

28. Contracts and Arrangements with related parties

No contracts or arrangements or transactions were entered during the financial year ended March 31, 2021 which were not at Arm's Length Basis. During the financial year ended March 31, 2021, all the transactions entered with related parties were in ordinary course of business and at Arm's Length.

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

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

Approval for increasing borrowing limit

The Board of Directors of the Company have obtained the consent and approval of the shareholders of the company for borrowing monies not exceeding Rs. 18.3 crores over and above the existing borrowing limit of Rs. 100 Crores. The consent of the shareholders by means of special resolution was obtained by way of postal ballot through remote e-voting only on May 13, 2021.

Pursuant to the approval of the shareholders of the Company for enhancing borrowing limits of the company, the Board of Directors of the Company have approved the borrowing monies up to Rs. 18.3 crores over and above the existing borrowing availed by the Company from the Eaton Technologies Private Limited in the Board Meeting held on May 17, 2021

Change in control and management of the Company

On January 21, 2020, Eaton Corporation Plc. (Ultimate Holding Company) executed a Stock and Asset Purchase Agreement to sell the Hydraulic business to Danfoss Fluid Power Private Limited (step-down subsidiary of Danfoss International A/S, Denmark), a Danish industrial company.

Pursuant to the said stock purchase agreement, Danfoss Fluid Power Private Limited acquired entire shareholding of Eaton Technologies Private Limited ('ETPL') i.e. 45% and ETN Holding 2 Limited ('ETN 2') i.e. 52.61%.

Subsequently, Board of Directors ('BoD') of the Company was recomposed vide board resolution dated August 3, 2021 and Committees of the Board viz. Audit Committee, Nomination and Remuneration Committee, Stakeholder Relationship Committee and Corporate Social Responsibility Committee were also re-constituted w.e.f August 3, 2021.

30. CONSERVATION OF ENERGY

Energy conservation measures taken

- Three Rock shaft control valve test stands modified with VFD circuit and optimized cycle time by engineering change. Annual savings are expected 2.18 Lacs KWH Units /Year

- Maintained unity power factor for throughout the year. This has saved 1.60 Lacs KVAH units/year
- Heat Treatment cell cooling tower energy saving done by optimizing pump size and implementing Automation panel. Annual Energy savings will be 80496 KWH Units.
- 409 kWp Solar Power plant (Roof Top and Ground Mounted) installation has generated 635395 KWH Green energy in Year 2020-21 and exported 80200 KWH Units to MSEDCL Grid.

Additional Investments and proposal, if any, being implemented for reduction in consumption of energy

- Active Harmonics Filters will be installed on both feeders to improve the power quality and reduce the power losses due to harmonics present in the system
- Installation of VFD for Paint booth blowers and DG valve Hydraulic test stand
- Regenerative concept will be implemented in new Hydraulic test stand of Piston pump

TECHNOLOGY ABSORPTION

- The Company has deployed "Pick Beam Sensor" Technology for Piston pump subassembly stations to ensure error free assembly of parts.
- The Company has adapted "Power BI" data visualization tool from Microsoft to facilitate deployment of "Accel-16" program in the plant for Operational excellence.
- The Company has started using "Customer 360" customer data platform software for managing the new product launches.

31. 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 754.51 million
Expenditure in foreign currency:	INR 1,334.30 million

32. 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 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.

33. 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.

34. Directors and Key Managerial Personnel

Mr. Shandar Alam (DIN: 07820751) has resigned from the position of the Managing Director of the Company effective from July 31, 2020.

In accordance with the Companies Act, 2013 and Articles of Association of the Company, Mr. Prasanna Kumar GN (DIN: 08873121) was appointed as Additional Director of the Company by way of circular resolution passed by the Board of Directors of the Company on October 1, 2020. Mr. Prasanna Kumar GN (DIN: 08873121) was subsequently appointed as the Whole-time Director of the Company pursuant to recommendation of Nomination and Remuneration Committee and Board's approval by way of circular resolution dated October 1, 2020. The Company has also obtained shareholder's approval by way of special resolution by means of Postal ballot through remote e-voting only for appointment and fixation of remuneration of Mr. Prasanna Kumar GN on May 13, 2021

Mr. Ishan Kulkarni (A31932) has resigned from the position of Company Secretary of the Company effective from October 15, 2020.

Post closure of the financial year as on 31st March 2021, there have been change in the composition of Board:

Mr. Sachit Nayak, Mr. Prasannakumar Guttahalli and Mr. Nilesh Dharwadkar have resigned from the post of director w.e.f. 2nd August 2021.

Following directors have been co-opted as Additional Directors on the Board. It has been proposed to appoint them as directors of the Company at the ensuing Annual General Meeting with approval of shareholders:

1. Ravichandran Purushothaman
2. Torben Jessen Christensen
3. Anders Stahlschmidt
4. Prasannakumar Guttahalli

35. The names of companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year: Nil

36. 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 future

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

37. Deposits

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

38. 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.

39. Secretarial Standards

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

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

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

42. 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 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 location 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 one case of sexual harassment was filed and disposed off during the year under review in the Company. The Board of Directors of the Company confirms that as at March 31, 2021, there were no pending cases of sexual harassment in the Company.

43. Acknowledgement

Your Directors would like to express their sincere appreciation for the assistance and co-operation 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 by the Company's executives, staff and workers.

By order of the Board
For Eaton Fluid Power Limited

Sd/-	Sd/-
Ravichandran Purushothaman **DIRECTOR** **DIN: 06584433**	**Guttahalli Prasannakumar** **DIRECTOR** **DIN: 08873121**

Date: 18th October 2021
Place: Chennai

Annexure A

Nomination & Remuneration Policy

The Board of Directors of Eaton Fluid Power 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 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 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 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. MISCELLENEOUS

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 Eaton Fluid Power Limited

Sd/-

Ravichandran Purushothaman
Date: 18th October 2021
Place: Chennai

Annexure B

Annual Report on CSR Activities

1. Brief outline on 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 Eaton Business System 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:

Sl. No.	Name of Director	Designation	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Prasanna Kumar GN	Whole-time Director	1	1
2	Sachit Nayak	Director	1	1
3	Surendra Kelkar	Independent Director	1	1

During the Financial Year 2020-21, Mr. Shandar Alam ceased to be the member of the committee due to resignation from the position of Managing Director of the Company effective from July 31, 2020 and Mr. Prasanna Kumar GN appointed as a member of the committee in the Board Meeting held on November 5, 2020 upon his appointment as Whole-time Director of the Company effective from October 1, 2020

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

http://www.eaton.in/EatonIN/OurCompany/Sustainability/CommunityService/index.htm

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):

Eaton India Foundation takes cognizance of sub-rule (3) of rule 8 of the Companies CSR Policy Rules 2014 and has initiated steps to conduct impact assessment of CSR projects through an independent agency. There are no projects
undertaken or completed after January 22, 2021, for which the impact assessment report is applicable in FY 2021.

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: NA

6. Average net profit of the company as per section 135(5) (calculated for 3 preceding financial years i.e. FY 2017-18, FY 2018-19 and FY 2019-20): Rs. 134.1 Million

7. (a) Two percent of average net profit of the company as per section 135(5): Rs. 2.68 Million

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NA

(c) Amount required to be set off for the financial year, if any: NA

(d) Total CSR obligation for the financial year (7a+7b-7c): Rs. 2.68 Million

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

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
Rs. 2.68 Million	NA	NA	NA	NA	NA

About Eaton India Foundation (CSR00003083) –

Eaton’s vision is to improve the quality of life and the environment through the use of power management technologies and services. Globally, for over 100 years, Eaton’s products and solutions have helped people work more safely, use less energy and reduce emissions. Making the communities stronger is embedded in Eaton’s aspirational goals – a key to achieving its vision and staying true to its identity and existence. For more than two decades, Eaton has been leading various CSR and community initiatives in India, driving efforts around three focus areas – health, education and environment. In 2015, Eaton established the Eaton India Foundation – a public charitable trust that makes Eaton’s CSR and community efforts more streamlined and strategic, while presenting its employees with opportunities to be involved in more impactful initiatives and programs.

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:

Your Company manages CSR activities through the implementing agency namely, Eaton India Foundation (‘the Foundation’). Incorporated in 2015, the Foundation is a Public Charitable Trust registered under the Bombay Public Trusts Act, 1950. The Foundation is dedicated towards serving the communities we live in and improving the lives of people. The Foundation does not accept donation from public at large.

Your Company has made contribution to Eaton India Foundation in 2020-21 with projects under education, environment and health. This year, responding to the COVID pandemic, the Foundation along with generous contribution from the employees, implemented a relief program – supporting migrant and frontline workers. Under education, after the schools were shut, the focus was on ensuring the well-being of the children and their families during lockdown. Further, options to online schooling were explored, evaluated and deployed. In rural pockets, community classes were held in adherence to COVID safety protocols. The focus has been on continued learning, with an overall physical and mental well-being of the students. Under health, the focus has been on improving nutrition, health and safety of children in institutional care. The Foundation continued to work with 3 care homes extending support to 500+ beneficiaries. Foundation’s work on inclusion of People with Disability, enhancing their employability and self-reliance, has achieved the goals of the pilot year and entered the next phase. The Foundation’s watershed management initiative steadily worked towards water self-reliance but also promoted livelihood and food security measures to support migrants returning home. Lastly, the Foundation stood shoulder to shoulder with its partners and community in coping with the effects of pandemic. Many program activities pertaining to infrastructure upgrade, in-person training and community awareness could not be conducted as planned and much energy went into managing the changing ground realities. However, as we moved into the second half of the financial year, the programs re-strategized and adapted to continue achieving their targets in the new normal.

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

The CSR activities of the Companies are carried out through implementing agency i.e. Eaton India Foundation Trust. For the Financial Year 2020-21, the Company has contributed its entire CSR obligation amounting to Rs. 2.68 Million to Eaton India Foundation Trust as mentioned above and therefore, had no obligation to transfer the amount to unspent CSR account as of March 31, 2021.

Following are the details of CSR amount spent by Eaton India Foundation against ongoing projects for the financial year

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	**Name of the Project.**	**Item from the list of activities in Schedule VII to the Act.**	**Local area (Yes/No).**	**Location of the project.**		**Project duration.**	**Amount allocated for the project (in Rs.).**	**Amount spent in the current financial Year (in Rs.).**	**Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).**	**Mode of Implementation - Direct (Yes/No).**	**Mode of Implementation - Through Implementing Agency**	
				State.	**District.**						**Name**	**CSR Registration number.**
1	Building soft skills Samvadhini - mobile library	Education	Yes	Maharashtra	Pune	2	₹ 1,804,750	₹ 1,804,750	₹ -	No	Aalochana-Centre for Documentation & Research on Women	
2	Maintenance of Science Planetarium	Education	Yes	Pondicherry	Pondicherry	3	₹ 500,000	₹ 289,813	₹ 210,187	Yes		
3	Adopt a school - Vigyan Ashram	Education	Yes	Maharashtra	Pune	3	₹ 2,887,500	₹ 2,887,500	₹ -	No	INDIAN INSTITUTE OF EDUCATION	CSR00003659
4	Adopt a school - iTeach schools	Education	Yes	Maharashtra	Pune	3	₹ 15,000,000	₹ 15,000,000	₹ -	No	ITEACH MOVEMENT	CSR00002872
5	Adopt a school - Plan India - Model School Program	Education	Yes	Maharashtra & Pondicherry	Pune, Ahmednagar & Pondicherry	3	₹ 18,184,000	₹ 9,092,000	₹ 9,092,000	No	Plan International (India Chapter)	CSR00001490
6	Teach For India Fellowship program	Education	Yes	Maharashtra & Tamil Nadu	Pune & Chennai	3	₹ 11,466,000	₹ 11,466,000	₹ -	No	Teach To Lead	CSR00002271
7	I2I -science and technology education	Education	Yes	Maharashtra	Pune	2	₹ 936,662	-₹ 180,000	₹ 1,116,662	No	College of Engineering, Pune	
8	VidyaVikas - Scholarship support to the	Education	Yes	Maharashtra	Pune, Ahmednagar & Nashik	3	₹ 9,010,600	₹ 9,010,600	₹ -	No	Friends Union ForEnergising Lives	CSR00000051

	needy and meritorious students											
9	Udayan Shalini Fellowship - Udayan Care	Education	Yes	Maharashtra	Pune	3	₹ 907,390	₹ 816,651	₹ 90,739	No	Udayan Care	CSR00000619
10	Destitute care initiative - SAMPARC	Health	Yes	Maharashtra	Pune	2	₹ 1,500,000	₹ 1,000,000	₹ 500,000	No	SAMPARC	CSR00003752
11	Destitute care initiative - BVJSS	Health	Yes	Maharashtra	Pune	2	₹ 1,354,125	₹ 902,750	₹ 451,375	No	BhatkyaVimukta JatiShikshan Sanstha	CSR00004930
12	Destitute care initiative - BSSK	Health	Yes	Maharashtra	Pune	3	₹ 4,843,101	₹ 3,900,160	₹ 942,941	No	Bhartiya SamajSeva Kendra (BSSK)	CSR00004030
13	Tree plantation - Tree Public Foundation	Environment	Yes	Maharashtra & Pondicherry	Pune & Pondicherry	3	₹ 180,000	₹ 144,000	₹ 36,000	No	Tree Public Foundation	CSR00003703
14	Tree plantation - Sristi Foundation	Environment	Yes	Maharashtra & Pondicherry	Pune & Pondicherry	1	₹ 360,000	₹ 360,000	₹ -	No	Sristi Foundation	CSR00007929
15	Watershed development - KV	Environment	Yes	Maharashtra	Ahmednagar	3	₹ 7,367,334	₹ 2,578,567	₹ 4,788,767	No	Krushi Vikas VA GraminPrashikshan Sanstha	CSR00001360
16	Watershed development - WOTR	Environment	Yes	Maharashtra	Ahmednagar	3	₹ 6,803,141	₹ 4,762,199	₹ 2,040,942	No	Watershed Organisation Trust (WOTR)	CSR00000518
17	Disability Inclusion - Sristi Foundation	Health	Yes	Pondicherry	Pondicherry	1	₹ 223,500	₹ 223,500	₹ -	No	Sristi Foundation	CSR00007929
18	Disability Inclusion - Deaf Enabled Foundation	Health	Yes	Pondicherry	Pondicherry	1	₹ 576,800	₹ 576,800	₹ -	No	Deaf Enabled Foundation	CSR00003268
19	School Health Initiative	Health	Yes	Maharashtra	Pune	1	₹ 354,000	₹ 354,000	₹ -	No	Stree Mukti Sanghatana	CSR00001126
	Total						**₹ 84,258,903**	**₹ 64,989,290**	**₹ 19,269,613**			

Notes:

1. The Company has contributed Rs. 2.68 Million during the FY 2020-21 to Eaton India Foundation Trust, the details in the tables shows the spent by Eaton India Foundation trust for Trust activities and ongoing projects
2. The Eaton India Foundation Trust has voluntarily decided to open a separate bank account for unspent funds and is in a process of opening of Unspent CSR Bank Account and transfer of such unspent funds to that account.

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	**Name of the Project**	**Item from the list of activities in schedule VII to the Act.**	**Local area (Yes/ No).**	**Location of the project.**		**Amount spent for the project (in Rs.).**	**Mode of implementation - Direct (Yes/No).**	**Mode of implementation - Through implementing agency.**	
				State.	**District.**			**Name.**	**CSR registration number.**
1	Matching donation program - Health and nutrition support to the child care home	Health	Yes	Maharashtra & Pondicherry	Pune & Pondicherry	₹ 630,271	Yes		
2	Disaster Relief - COVID	Disaster management	Yes	Maharashtra, Tamil Nadu, Karnataka, Delhi & Pondicherry	Pune, Ahmednagar, Nashik, Mumbai, Delhi, Chennai, Coimbatore, Bengaluru & Pondicherry	₹ 7,798,809	Yes		
	Total					₹ 8,429,080			

(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): ₹ 2.68 Million (contributed by EFPL)

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

Sl. No.	Particular	Amount (in Rs. Million)
(i)	Two percent of average net profit of the company as per section 135(5)	2.68
(ii)	Total amount spent for the Financial Year	2.68
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

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). NA

(b) Amount of CSR spent for creation or acquisition of capital asset. NA

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. NA

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). NA

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

sd/- Prasanna Kumar GN (Director) (DIN: 08873121)	sd/- Ravichandran Purushothaman (Director) (DIN: 06584433)

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

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
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 Eaton Fluid Power Limited (Hereinafter called "the Company").

The Secretarial Audit was conducted for the period from April 1, 2020 to March 31, 2021, 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, 2021, 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 2021 according to the provisions of the following list of laws and regulations. These documents were examined virtually using audio visual means because of the lockdown imposed in the wake of COVID 19 pandemic. The documents provided to us were treated as final for verification purposes as per the declaration given by the Management of the Company. The following are our observations
on the same:

(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 and there are no discrepancies observed by us during the period under review.

(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 a unlisted public company and around 68,63,944 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 by Section 149 of the Companies Act, 2013. Audit Committee and Nomination and Remuneration Committee was properly constituted during the year 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 audit period no major decisions, specific events/ actions have occurred which has a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

FOR DVD & ASSOCIATES
COMPANY SECRETARIES

Sd/-

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

PLACE: PUNE
DATE: 18/10/2021
UDIN: F006099C001203108

ANNEXURE A

To,
The Members
Eaton Fluid Power 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 is 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

FCS No. 6099
CP No. 6515
PR No. 1164/2021

PLACE : PUNE
DATE :18/10/2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Eaton Fluid Power Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Eaton Fluid Power Limited ("the Company"), which comprise the Balance sheet as at March 31 2021, 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 significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, 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, 2021, 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 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 and Those charged with Governance 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 charged with governance 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, 2016 ("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 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;

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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

f. 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;

g. In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

h. 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 17 and 31 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;

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iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

Sd/-

per Tridevlal Khandelwal

Partner

Membership Number: 501160

UDIN: 21501160AAAADE5920

Place: Pune

Date: October 18, 2021

Annexure 1 referred to in paragraph 1 under the head "Report on other Legal and Regulatory Requirements" of our report on even date

Re: Eaton Fluid Power Limited

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets were physically verified by the management in FY 2018-19 in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Material discrepancies were noticed on such verification and were properly dealt with in the books of accounts.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

ii. The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at year end and no material discrepancies were noticed in respect of such confirmations.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.

v. The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company and hence not commented upon.

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, employees' state insurance, income-tax, duty of customs, goods and service tax, cess and other statutory dues have generally been regularly deposited with appropriate authorities.

(b) According to the information and explanations given to us and audit procedures performed by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues with respect to Goods and Service tax, duty of customs and cess which have not been deposited on account of any dispute. The dues outstanding of income-tax, sales-tax, value added tax, excise duty, service tax and property tax on account of any dispute, are as follows:

Name of the Statute	**Nature of Dues**	**Amount in (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, including interest and penalty.	4.50	FY 1997- 98, FY 2002-03 and 2003-04.	Appellate Tribunal
	Disallowance of Cenvat credit on Job work, canteen recovery etc., excluding interest and penalty, if any.	53.34	FY 2008-09 to 2012-13 and FY 2016-17	Appellate Tribunal
Central Sales Tax Act,1956/Bombay Sales Tax Act, 1959	Liability for non-submission of various forms and various other matters, including interest and penalty. (Net of amount paid under protest 2.37)	19.71	FY 2008-09, 2010-11, FY 2012-13 to 2013-14 and FY 2015-16	Joint Commissioner of Sales Tax
	Liability for non-submission of various forms and various other matters, including interest and penalty. (Net of amount paid under protest 13.79)	33.01	FY 2000-01, 2003-04, 2006-07, 2007-08, 2009-10 and 2014-15	The Maharashtra Sales Tax Tribunal
	Liability for non-submission of various forms and various other matters, including interest and penalty. (Net of amount paid under protest NIL)	5.40	FY 2016-17	Deputy Commissioner of Sales Tax
Maharashtra Value Added Tax Act, 2002	Liability for value added tax payable being set off under rule 52 of MVAT rules and other disallowances including, interest and penalty. (Net of amount paid under protest 1.00)	11.72	FY 2007-08, 2008-09, 2013-14 and 2015-16	Joint Commissioner of Sales Tax
	Liability for disallowance of set off and other disallowances including, interest	29.44	FY 2006-07, 2009-10,	The Maharashtra

Name of the Statute	Nature of Dues	Amount in (INR millions)	Period to which the amount relates	Forum where dispute is pending
	and penalty. (Net of amount paid under protest 2.88)		2011-12 and 2014-15	Sales Tax Tribunal
	Liability for value added tax payable being set off under rule 52 of MVAT rules and other disallowances including, interest and penalty. (Net of amount paid under protest NIL)	3.60	FY 2016-17	Deputy Commissioner of Sales Tax
Finance Act, 1994	Service tax credit not reversed in proportion to trading turnover under Rule 6 (3A) excluding, interest and penalty if any.	15.66	FY 2010-11 to 2012-13	Appellate Tribunal
Income tax Act, 1961	Disallowance of Bonus / Ex-gratia and contribution to Superannuation Fund excluding, interest and penalty if any.	0.39	AY 1979-80, 1983-84 and 1984-85	Bombay High Court
	Disallowance due to various transfer pricing adjustments excluding, interest & penalty, if any. (Net of amount paid under protest 104.27)	Nil	AY 2013-14 and 2014-15	Income tax Appellate Tribunal

viii. The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year. Accordingly, reporting under clause (viii) is not applicable to the Company and hence not commented upon.

ix. In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of promissory notes from related party for the purposes for which they were raised. The Company has not raised any other money by way of initial public offer / further public offer / debt instruments or term loans.

x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

xi. According to the information and explanations given by the management, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable Accounting Standards.

xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and hence not commented upon.

xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.

xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company and hence not commented upon.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

Sd/-

per Tridevlal Khandelwal

Partner

Membership Number: 501160

UDIN: 21501160AAAADE5920

Place: Pune

Date: October 18, 2021

Annexure 2 referred to in paragraph 2(f) 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 Eaton Fluid Power Limited ("the Company") as of March 31, 2021 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 Companies Act, 2013.

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 these 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 these 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 these 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 these Financial Statements

Because of the inherent limitations of internal financial controls with reference to these 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 these financial statements to future periods are subject to the risk that the internal financial control with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to these financial statements and such internal financial controls with reference to these financial statements were operating effectively as at March 31, 2021, 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: 21501160AAAADE5920

Place: Pune
Date: October 18, 2021

Eaton Fluid Power Limited
Balance sheet as at March 31, 2021
(All amounts in INR million unless otherwise stated)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
Assets			
Non-current assets			
Property, plant and equipment	3A	412.79	451.89
Capital work in progress	3B	1.64	22.12
Right-of-use assets	3A	3.33	5.82
Intangible assets	3C	-	-
Investment property	4	0.03	0.03
Financial assets			
Loans	5	0.97	0.87
Trade receivables	7	10.89	2.04
Other financial assets	6	5.49	5.29
Other non-current assets	10	42.83	62.13
Deferred tax asset (net)	33	-	-
Income tax assets (net)		162.81	204.47
		640.78	**754.66**
Current assets			
Inventories	8	687.04	654.62
Financial assets			
Trade receivables	7	1,055.61	758.32
Cash and cash equivalents	9	86.93	122.02
Loans	5	0.91	1.95
Other financial assets	6	0.01	1.44
Other current assets	10	124.85	286.61
		1,955.35	**1,824.96**
Total assets		**2,596.13**	**2,579.62**
Equity and liabilities			
Equity			
Share capital	11	69.64	69.64
Other equity	12	415.36	271.53
Total equity		**485.00**	**341.17**
Liabilities			
Non-current liabilities			
Financial Liabilities			
Lease liabilities	42	1.36	3.46
		1.36	**3.46**
Current liabilities			
Financial Liabilities			
Borrowings	13	985.00	985.00
Lease liabilities	42	2.43	2.60
Trade payable: total outstanding dues to:			
- micro and small enterprises	15	186.88	119.03
- other than micro and small enterprises	15	673.62	861.15
Other financial liabilities	14	61.11	75.24
Short term provisions	17	123.95	132.62
Other current liabilities	16	63.65	52.53
Current tax liabilities (net)		13.13	6.82
		2,109.77	**2,234.99**
Total liabilities		**2,111.13**	**2,238.45**
Total equity and liabilities		**2,596.13**	**2,579.62**

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
Eaton Fluid Power Limited

per Tridevlal Khandelwal
Partner
Membership No: 501160

Ravichandran Purushothaman
Director
DIN: 06584433

Guttahalli Prasannakumar
Director
DIN: 08873121

Place: Pune
Date: October 18, 2021

Place: Pune
Date: October 18, 2021

Place: Pune
Date: October 18, 2021

Eaton Fluid Power Limited
Statement of Profit and Loss for the year ended March 31, 2021
(All amounts in INR million unless otherwise stated)

Particulars	Notes	Year ended March 31, 2021	Year ended March 31, 2020
Income			
Revenue from operations	18	3,651.97	3,760.27
Other income	19	44.50	14.14
Total income		**3,696.47**	**3,774.41**
Expenses			
Cost of raw material and components consumed	20	1,619.23	1,583.22
Purchase of traded goods		703.21	948.49
Decrease in inventories of finished goods, work-in-progress and traded goods	21	42.68	45.05
Employee benefits expense	22	334.22	333.12
Depreciation and amortisation expense	23	93.66	83.34
Finance costs	24	76.36	92.49
Other expenses	25	648.82	665.74
Total expenses		**3,518.18**	**3,751.45**
Profit before tax		**178.29**	**22.96**
Tax expense	33		
Current Tax		(34.18)	(3.72)
Tax credit for earlier years		1.67	-
Deferred tax (charge)		-	(121.92)
Total tax expense		**(32.51)**	**(125.64)**
Profit / (loss) for the year		**145.78**	**(102.68)**
Other Comprehensive Income (OCI)			
Items that will not to be reclassified subsequently to profit or loss:			
Re-measurement (loss) on defined benefit plans	29	(3.00)	(6.61)
Income tax effect	33	1.05	2.31
Other comprehensive income for the year, net of tax		**(1.95)**	**(4.30)**
Total comprehensive income for the year, net of tax		**143.83**	**(106.98)**
Earnings per equity share	27		
Nominal value per share INR 10 (March 31, 2020: INR 10)			
Basic and diluted		20.93	(14.74)

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
Eaton Fluid Power Limited

per Tridevlal Khandelwal
Partner
Membership No: 501160

Place: Pune
Date: October 18, 2021

Ravichandran Purushothaman
Director
DIN: 06584433

Place: Pune
Date: October 18, 2021

Guttahalli Prasannakumar
Director
DIN: 08873121

Place: Pune
Date: October 18, 2021

Eaton Fluid Power Limited
Statement of Changes in Equity for the year ended March 31, 2021
(All amounts in INR million unless otherwise stated)

a. Equity share capital

	No.	Amount
Equity shares of INR 10 each issued, subscribed and fully paid		
As at March 31, 2020	6.96	69.64
As at March 31, 2021	6.96	69.64

b. Other equity

For the year ended March 31, 2020

Particulars	Securities premium	Retained earnings	Total
Balance as at April 01, 2019	**131.70**	**246.81**	**378.51**
Loss for the year	-	(102.68)	(102.68)
Other Comprehensive income	-	(4.30)	(4.30)
Total Comprehensive Income	**-**	**(106.98)**	**(106.98)**
Balance as at March 31, 2020	**131.70**	**139.83**	**271.53**

For the year ended March 31, 2021

Particulars	Securities premium	Retained earnings	Total
Balance as at April 01, 2020	**131.70**	**139.83**	**271.53**
Profit for the year	-	145.78	145.78
Other Comprehensive income	-	(1.95)	(1.95)
Total Comprehensive Income	**-**	**143.83**	**143.83**
Balance as at March 31, 2021	**131.70**	**283.66**	**415.36**

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
Eaton Fluid Power Limited

per Tridevlal Khandelwal
Partner
Membership No: 501160

Place: Pune
Date: October 18, 2021

Ravichandran Purushothaman
Director
DIN: 06584433

Place: Pune
Date: October 18, 2021

Guttahalli Prasannakumar
Director
DIN: 08873121

Place: Pune
Date: October 18, 2021

Eaton Fluid Power Limited
Statement of Cash Flows for the year ended March 31, 2021
(All amounts in INR million unless otherwise stated)

	Year ended March 31, 2021	Year ended March 31, 2020
Cash generated from operations		
Profit before tax	178.29	22.96
Adjustment to reconcile Profit before tax to net cash flow		
Depreciation and amortization	93.66	83.34
Provision for doubtful debts written back	-	(5.82)
Provision for doubtful debts and advances	5.79	-
Provision for doubtful receivables	10.62	-
Unrealised foreign exchange loss/(gain) (net)	(0.64)	6.68
(Gain)/loss on sale/discard of property, plant and equipment (net)	2.02	(0.19)
Finance cost	76.36	92.11
Interest on refund received from Income tax department	(27.89)	-
Interest income	(4.29)	(4.13)
Operating profit before working capital changes	**333.92**	**194.95**
Changes in working capital and other provisions		
Trade receivables	(312.71)	318.38
Inventories	(32.42)	105.01
Financial assets	(8.45)	33.17
Other assets	169.46	12.14
Trade payable	(123.56)	(396.47)
Provisions	(10.62)	(49.08)
Financial liabilities	6.03	9.47
Other liabilities	11.12	2.15
Cash generated from operations	**32.76**	**229.72**
Direct taxes paid (net of refunds)	28.49	(29.10)
Net cash flow from operating activities (A)	**61.25**	**200.62**
Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress and capital advances)	(18.90)	(128.84)
Proceeds from sale of property, plant and equipment and intangible assets	0.10	0.25
Interest received	19.14	4.13
Net cash flow (used in) investing activities (B)	**0.34**	**(124.46)**
Cash flow from financing activities		
Payment of principal portion of lease liabilities	(2.70)	(1.41)
Interest paid	(93.98)	(88.37)
Net cash flow (used in) financing activities (C)	**(96.68)**	**(89.78)**
Net decrease in cash and cash equivalents (A + B + C)	(35.09)	(13.62)
Cash and cash equivalents at the beginning of the year	122.02	135.64
Cash and cash equivalents at the end of the year	**86.93**	**122.02**
Components of cash and cash equivalents (refer note 9)		
Balances with banks		
- On current accounts	56.93	82.02
- On deposit accounts	30.00	40.00
Total cash and cash equivalents	**86.93**	**122.02**

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
Eaton Fluid Power Limited

per Tridevlal Khandelwal
Partner
Membership No: 501160

Place: Pune
Date: October 18, 2021

Ravichandran Purushothaman
Director
DIN: 06584433

Place: Pune
Date: October 18, 2021

Guttahalli Prasannakumar
Director
DIN: 08873121

Place: Pune
Date: October 18, 2021

1. Corporate information

Eaton Fluid Power Limited, ("the Company") is a public company domiciled in India and is incorporated under the provisions of the Companies Act, 1956. 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. As at March 31, 2021, ETN Holding 2 Limited, Mauritius and Eaton Technologies Private Limited, India holds 52.61 percent and 45 percent of share capital respectively with the remaining shares held by the public. As on August 02, 2021, the shares held by ETN Holding 2 Limited and Eaton Technologies Private Limited (97.61%) are sold to Danfoss Fluid Power Private Limited by way of a Share purchase agreement. The registered office of the Company is located at 145, Mumbai Pune road, Pimpri, Pune - 411018. The CIN of the Company is U29120PN1965PLC015850.

The IND-AS financial statements were authorised for issue in accordance with a resolution of the directors on October 04, 2021.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("IND AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and presentation requirements of division II of schedule III to the Companies Act, 2013 (Ind-AS compliant schedule III).

The Ministry of Corporate Affairs (MCA) vide its notification dated March 24, 2021 amended the Schedule III to the Companies Act, 2013. The Company has not considered the impact in the financial statements for the year ended March 31, 2021 as the amendments are effective from April 01, 2021.

As at March 31, 2021, the Company has an outstanding borrowing of INR 985 million payable towards promissory notes issued by Eaton Technologies Private Limited (ETPL). The company has also obtained additional borrowing of INR 183 million on July 20, 2021 from ETPL and these promissory notes are repayable on February 28, 2022. On August 2, 2021 ETPL and ETN Holdings 2 Limited have sold the shares held by them in the Company to Danfoss Fluid Power Private Limited through a share and asset purchase agreement dated August 02, 2021. For the purpose of repayment of the above loan to ETPL, Danfoss Industries Private Limited (holding company of Danfoss Fluid Power Private Limited) have issued a parent support letter to the Company which ensures continuous financial support to the Company as and when required. In view of the above mitigating factors, the financial statements of the Company are prepared on a going concern basis.

The IND-AS financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities which have been measured at fair value. The IND-AS financial statements are presented in INR million which is also the functional currency of the Company. All amounts have been rounded-off to the nearest INR million unless otherwise stated.

2.2 Summary of significant accounting policies

The following are the significant accounting policies applied by the Company in preparing its IND-AS financial statements:

a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b. Foreign currencies

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates at the date the transaction first qualifies for recognition. The Company uses a monthly average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

c. Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the IND-AS financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the IND-AS financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of freehold land/investment property. Involvement of external valuers is decided upon annually by the Company. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes:

Disclosure for valuation methods, significant estimates and assumptions (refer note 28)

Financial instruments (including those carried at amortised cost) (refer note 37)

Investment property (refer note 4)

For assets and liabilities that are recognised in the IND-AS financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

d. Revenue from contract with customers

Sale of products

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, excluding taxes or duties collected on behalf of the government e.g. goods and service tax (GST). The normal credit term is 30 to 90 days upon delivery. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration. The Company has generally concluded that it is the principal in its revenue arrangements.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in note 28.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer if any.

The specific recognition criteria described below must also be met before revenue is recognised.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due when billing has been done) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Trade Receivables

A receivable represents the Company’s right to an amount of consideration that is unconditional (i.e only the passage of time is required before payment of the consideration is due).

Sale of services

Revenue from rendering of services is recognised over time by measuring the progress towards complete satisfaction of performance obligations at the reporting period. The Company collects GST on behalf of the government and, therefore, it is not an economic benefit flowing to the Company.

Revenue from management consultancy services are recognised on cost plus basis in accordance with the terms of contract.

Interest income

For all debt instruments measured at amortised cost interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

Rental income

Rental income is recognised on a straight-line basis over the lease term, other than escalations on account of inflation.

Export incentive

Export incentive are recognised at the time of exports and when it is reasonably certain that the amounts would be recovered.

e. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

f. Taxes

The tax expense for the year companies of current and deferred tax. Tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.

Current income tax relating to items recognised outside Statement of profit or loss is recognised outside Statement of profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

(All amounts in INR million unless otherwise stated)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside Statement of profit or loss is recognised outside Statement of profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

Goods and Services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of Goods and Services tax paid, except:

(i) When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
(ii) When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

g. Property, plant and equipment

Property, plant and equipment and capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in Statement of profit or loss as incurred.

Depreciation is computed on a straight-line method based on estimated useful lives as follows:

Asset Block	**Useful Life prescribed in Schedule II of the Act (Years)**	**Useful life estimated by the management (Years)**
Buildings	3 to 60	9 to 40
Roads	3 to 10	10
Plant and equipment	8 to 15	4 to 10
Furniture and fixtures	10	10
Office equipment	5	10
Electrical installations and equipment	10	10
Computer hardware	3 to 6	3
Motor vehicles	8	4

Leasehold improvements are amortized over the period of the lease.

Low value assets individually costing less than INR 5,000 are fully depreciated in the year of purchase, as the management is of the view that the technical assessment of useful life of such assets do not generally exceed one year.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

h. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of profit and loss unless such expenditure forms part of carrying value of another asset

Computer Software

Software licenses without useful economic life are charged off to the Statement of Profit and Loss account in the year of purchase. Software's with perpetual licenses are capitalized and the costs are amortized on a straight line method over a period of five years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of profit or loss when the asset is derecognised.

i. Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Though the Company measures investment property using cost based measurements, the fair value measurement of investment property is disclosed in note 4. Fair values are determined based on a periodic evaluation performed by an accredited external independent valuer applying valuation model recommended by recognised valuation standards.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the Statement of profit and loss in the period of derecognition.

j. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

k. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date with no option for extension and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

l. Inventories

Raw materials, components and traded goods are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and traded goods is determined on a yearly weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a yearly weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Provision for obsolescence is determined based on management assessment and is charged to the Statement of profit and loss.

m. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

Impairment losses, including impairment on inventories, are recognised in the Statement of profit and loss.

n. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provisions

Provisions for warranty related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty related costs is revised annually.

o. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the IND-AS financial statements.

p. Retirement and other employee benefits

Retirement benefit in the form of provident fund and superannuation are defined contribution scheme. The Company has no obligation, other than the contribution payable to the respective funds. The Company recognizes contribution payable to these funds as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the funds are recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to Statement of profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the Balance Sheet to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

q. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through Statement of profit or loss (FVTPL)
- Equity instruments measures at fair value through other comprehensive income

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of profit or loss. The losses arising from impairment are recognised in the Statement of profit or loss. This category generally applies to trade and other receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

In accordance with IND AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IND AS 115.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of profit and loss (P&L). The balance sheet presentation of financial assets measured as at amortised cost and contractual revenue receivables is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through Statement of profit and loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through Statement of profit or loss

Financial liabilities at fair value through Statement of profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through Statement of profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IND AS 109.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. This category generally applies to borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously

r. Operating Segment

Operating Segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

s. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of Statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above.

t. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.3 Changes in Accounting Policies and Disclosures

i) Amendments to Ind AS 1 and Ind AS 8: Definition of Material

The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements, nor is there expected to be any future impact to the Company.

The amendments to the definition of material are not expected to have a significant impact on the financial statements.

ii) Amendments to Ind AS 116: Covid-19-Related Rent Concessions

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification. The amendments are applicable for annual reporting periods beginning on or after the 1 April 2020. In case, a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after the 1 April 2019. This amendment had no impact on the financial statements of the Company.

iii) Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform

The amendments to Ind AS 109 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. This amendment had no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

The amendments to Ind AS 107 prescribe the disclosures which entities are required to make for hedging relationships to which the reliefs as per the amendments in Ind AS 109 are applied. These amendments are applicable for annual periods beginning on or after the 1 April 2020. This amendment had no impact on the financial statements of the Company.

Eaton Fluid Power Limited
Notes to the IND-AS financial statements for the year ended March 31, 2021
(All amounts in INR million unless otherwise stated)

3A Property, plant and equipment

Particulars	Freehold land	Leasehold improvements	Building	Roads	Plant and equipment	Computer hardware	Furniture and fixtures	Office equipment	Electrical installation and equipments	Motor vehicles	Total	Building (ROU)
Cost (Gross) (refer note below)												
As at April 01, 2019	0.66	12.72	90.57	8.31	708.26	22.72	20.56	7.78	12.36	1.32	**885.26**	-
Additions	-	-	19.61	-	165.30	9.08	0.79	-	-	-	**194.78**	7.48
Deletions\write offs	-	-	-	-	2.29	-	-	-	-	1.32	**3.61**	-
As at March 31, 2020	**0.66**	**12.72**	**110.18**	**8.31**	**871.27**	**31.80**	**21.35**	**7.78**	**12.36**	**-**	**1,076.43**	**7.48**
Additions	-	-	4.56	-	49.07	0.56	-	-	-	-	**54.19**	-
Deletions\write offs	-	-	-	-	10.82	2.72	0.57	-	-	-	**14.11**	-
As at March 31, 2021	**0.66**	**12.72**	**114.74**	**8.31**	**909.52**	**29.64**	**20.78**	**7.78**	**12.36**	**-**	**1,116.51**	**7.48**
Depreciation (Gross) (refer note below)												
As at April 01, 2019	-	10.33	34.26	4.25	443.19	21.08	17.22	3.87	10.89	1.32	**546.41**	-
Charge for the year	-	0.59	5.50	0.91	69.45	2.91	1.20	0.63	0.49	-	**81.68**	1.66
Deletions\write offs	-	-	-	-	2.23	-	-	-	-	1.32	**3.55**	-
As at March 31, 2020	**-**	**10.92**	**39.76**	**5.16**	**510.41**	**23.99**	**18.42**	**4.50**	**11.38**	**-**	**624.54**	**1.66**
Charge for the year	-	0.59	7.37	0.91	76.35	3.66	1.21	0.63	0.45	-	**91.17**	2.49
Deletions\write offs	-	-	-	-	8.70	2.72	0.57	-	-	-	**11.99**	-
As at March 31, 2021	**-**	**11.51**	**47.13**	**6.07**	**578.06**	**24.93**	**19.06**	**5.13**	**11.83**	**-**	**703.72**	**4.15**
Net Book value												
As at March 31, 2020	**0.66**	**1.80**	**70.42**	**3.15**	**360.86**	**7.81**	**2.93**	**3.28**	**0.98**	**-**	**451.89**	**5.82**
As at March 31, 2021	**0.66**	**1.21**	**67.61**	**2.24**	**331.46**	**4.71**	**1.72**	**2.65**	**0.53**	**-**	**412.79**	**3.33**
3B Capital work in progress												
Cost (Gross) (refer note below)												
As at April 1, 2019	**-**	-	-	-	**92.40**	**0.29**	-	**0.32**	-	-	**93.01**	-
Additions	-	-	19.61	-	94.62	8.79	0.79	-	-	-	123.81	-
Capitalised	-	-	19.61	-	164.98	9.08	0.79	0.24	-	-	194.70	-
As at March 31, 2020	**-**	-	-	-	**22.04**	**-**	-	0.08	-	-	**22.12**	-
Additions	-	-	4.56	-	28.67	0.56	-	-	-	-	33.79	-
Capitalised	-	-	4.56	-	49.07	0.56	-	0.08	-	-	54.27	-
As at March 31, 2021	-	-	-	-	**1.64**	-	-	-	-	-	**1.64**	-

Notes:

1. The Company had elected to continue with the carrying value of property, plant and equipment and intangible assets 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.

2. Free hold land includes part of the land given to a group company on lease and the same is classified as Investment property as at the date of transition to IND AS. (Refer note 4)

(All amounts in INR million unless otherwise stated)

3C. Intangible assets

Particulars	Computer software
Cost (Gross) (refer note below)	
As at April 1, 2019	0.06
Purchases	-
Deletions\write offs	-
As at March 31, 2020	**0.06**
Purchases	-
Deletions\write offs	-
As at March 31, 2021	**0.06**
Depreciation (Gross) (refer note below)	
As at April 1, 2019	0.06
Charge for the year	-
Deletions\write offs	-
As at March 31, 2020	0.06
Charge for the year	
Deletions\write offs	
As at March 31, 2021	**0.06**
Net Book value	
As at March 31, 2020	**-**
As at March 31, 2021	**-**

Note:

The Company had elected to continue with the carrying value of property, plant and equipment and 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 depreciation / amortisation above, for information purpose only.

4. Investment property

	Total
Gross block	
Opening balance as at April 01, 2019	**0.03**
Additions	-
Disposals	-
Closing balance as at March 31, 2020	**0.03**
Additions	-
Disposals	-
Closing balance as at March 31, 2021	**0.03**
Depreciation and impairment	
Opening balance as at April 01, 2019	-
Depreciation for the year	-
Closing balance as at March 31, 2020	**-**
Depreciation for the year	**-**
Closing balance as at March 31, 2021	**-**
Net block	
At March 31, 2020	**0.03**
At March 31, 2021	**0.03**

Information regarding income and expenditure of investment property

	March 31, 2021	March 31, 2020
Rental income derived from investment property	3.18	3.18
Direct operating expenses (including repairs and maintenance) generating rental income	-	0.14
Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	-
Profit arising from investment properties before depreciation and indirect expenses	**3.18**	**3.04**
Less : Depreciation	-	-
Profit arising from investment properties before indirect expenses	**3.18**	**3.04**

The Company's investment property consist of land situated at Pimpri, Pune.

As at March 31, 2021, the fair value of the property is INR 50.52 (March 31, 2020 INR 47.69). The Company obtains independent valuation for its investment property at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company considers reckoner rates. The fair value of investment property has been determined by an independent valuer. The main input used is the reckoner rate. All resulting fair value estimates for investment property are included in Level 2.

The Company has no restrictions on the realisability of its investment property. The Company has an obligation towards purchase of building situated on the land from Eaton Technologies Private Limited (ETPL). On August 02, 2021, Company has purchased the building from ETPL for a consideration of INR 72.54 million.

Fair value hierarchy disclosures for investment properties have been provided in Note 43.

(All amounts in INR million unless otherwise stated)

5 Loans (carried at amortised cost)

	March 31, 2021	March 31, 2020
Non current		
(unsecured, considered good) (at amortised cost)		
Loans to employees	0.97	0.87
	0.97	**0.87**
Current		
(unsecured, considered good) (at amortised cost)		
Loans to employees	0.91	1.95
	0.91	**1.95**

No loans are due from other officers of the Company either severally or jointly with any other person. Loan due from director of the Company are as follow:

	March 31, 2021	March 31, 2020
Loan to director	-	0.45

These loans are given in normal course of employment to the Director in the capacity of employee as per terms of employment of the Company.

6 Other financial assets (carried at amortised cost)

	March 31, 2021	March 31, 2020
Non current		
Security deposits	5.49	5.29
	5.49	**5.29**
Current		
Security deposits	0.01	0.21
Government grants*/ export incentive receivable	-	1.23
Other receivables	10.62	-
Less : Provision for doubtful receivables	(10.62)	-
	0.01	**1.44**

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.

* Includes receivable against duty drawback eligible on exports sales. There are no unfulfilled conditions or other contingencies attached to the said government grants.

7 Trade receivables (carried at amortised cost)

	Non-Current	
	March 31, 2021	March 31, 2020
Non-Current		
Unsecured, considered good		
Receivables from others	10.89	2.04
	10.89	**2.04**

	March 31, 2021	March 31, 2020
Current		
Trade receivables	799.33	644.61
Receivable from related parties (refer note 35)	256.28	113.71
	1,055.61	**758.32**
Break-up for security details:		
Secured, considered good	-	-
Unsecured, considered good	1,042.80	731.73
Trade receivables which have significant increase in credit risk	12.81	26.59
Trade receivables - credit impaired	13.33	15.34
	1,068.94	**773.66**
Impairment allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	-	-
Provision for impairment	-	-
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	(13.33)	(15.34)
	1,055.61	**758.32**

Notes:
Trade receivables include:
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:

	March 31, 2021	March 31, 2020
Eaton Technologies Private Limited, India	1.14	2.17
Eaton Power Quality Private Limited	-	0.17
Eaton Industrial Products Private Limited, India	-	0.08

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 35.

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

	March 31, 2021	March 31, 2020
At the beginning of the year	15.34	27.56
Provision made during the year	5.79	-
Utilized during the year	(7.80)	(6.40)
Reversed during the year	-	(5.82)
At the end of the year	**13.33**	**15.34**

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(All amounts in INR million unless otherwise stated)

8 Inventories

	March 31, 2021	March 31, 2020
Raw materials and components [includes goods in transit INR 85.58 (March 31, 2020: INR 67.64)]	335.00	259.90
Work-in-progress [includes material lying with subcontractors INR 8.46 (March 31, 2020: INR 11.7)]	75.11	78.19
Finished goods [includes sales in transit INR 4.22 (March 31, 2020: INR 4.80)]	41.37	86.89
Traded goods [includes goods in transit INR 130.42 (March 31, 2020: INR 89.14) and sales in transit INR 0.11 (March 31, 2020: INR 2.30)]	235.56	229.64
	687.04	**654.62**

During the year ended March 31, 2021: INR (3.64) (March 31, 2020: INR (5.81)) was recognised as an (reversal) for inventories carried at net realisable value.

9 Cash and cash equivalents (carried at amortised cost)

	March 31, 2021	March 31, 2020
Balance with Banks		
in current accounts	56.93	82.02
in deposits with original maturity of less than 3 months	30.00	40.00
	86.93	**122.02**

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.

Changes in liabilities arising from financing activities:

The changes in liabilities arising from financing activities is on account of cash flow changes only and there are no non-cash changes.

10 Other assets

	March 31, 2021	March 31, 2020
Non Current		
Unsecured, considered good		
Capital advances	2.57	14.17
Balances with government authorities - VAT receivable and SVB deposit (including paid under protest)	40.26	47.96
	42.83	**62.13**
Current		
Unsecured, considered good		
Advance recoverable in cash or kind	10.53	14.91
Government grants/ Export incentive receivable**	8.55	58.40
Balances with government authorities	98.53	213.30
Gratuity (refer note 29)	7.24	-
Unsecured, considered doubtful		
Advance recoverable in cash or kind	1.60	1.60
	126.45	**288.21**
Provision for bad and doubtful advances	(1.60)	(1.60)
	124.85	**286.61**

** Export incentive/ Government Grants receivable pertains to amount receivable as Merchandise Exports from India Scheme (MEIS) eligible on exports sales. There are no unfulfilled conditions attached to the above grant as on the reporting date.

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11 Share capital

	March 31, 2021	March 31, 2020
Authorised share capital (No. million)		
7 (March 31, 2020: 7) equity shares of INR 10 each	70.00	70.00
0.85 (March 31, 2020: 0.85) 8% preference shares of INR 100 each	85.00	85.00
	155.00	**155.00**
Issued, subscribed and fully paid up shares (No. million)		
6.96 (March 31, 2020: 6.96) 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.

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

Particulars	March 31, 2021		March 31, 2020	
	No. of Shares	Amount	No. of Shares	Amount
(No. of shares in million)				
At the beginning of the year	6.96	69.64	6.96	69.64
Add: Shares issued during the year	-	-	-	-
Outstanding at the end of the year	**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, 2021	March 31, 2020
(No. of shares in million)		
ETN Holding 2 Limited, Mauritius		
3.67 (March 31, 2020: 3.67) equity shares of INR 10 each fully paid	36.67	36.67
Eaton Technologies Private Limited, India		
3.13 (March 31, 2020: 3.13) equity shares of INR 10 each fully paid	31.33	31.33

d **The details of Shareholders holding more than 5% shares:**

Name of the Shareholder	March 31, 2021		March 31, 2020	
	No. of Shares	% held	No. of Shares	% held
(No. of shares in million)				
Equity shares of INR 10 each fully paid				
ETN Holding 2 Limited Mauritius, the holding company	3.67	52.61	3.67	52.61
Eaton Technologies Private Limited, India	3.13	45.00	3.13	45.00
	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 Subsequent to the year ended March 31, 2021, Danfoss Fluid Power Private Limited acquired 97.61% equity shares of Eaton Fluid Power Limited from ETN Holding 2 Limited and Eaton Technologies Private Limited pursuant to a share and asset purchase agreement dated August 02, 2021 at a consideration of INR 2,468.17 million.

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.

12 Other equity

	Securities Premium*	Retained Earnings	Total
As at March 31, 2020	**131.70**	**139.83**	**271.53**
Movement for the year	-	143.83	143.83
As at March 31, 2021	**131.70**	**283.66**	**415.36**

* 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.

(All amounts in INR million unless otherwise stated)

13 Borrowings

	March 31, 2021	March 31, 2020
Current		
Unsecured loans from related parties # (note 35)	985.00	985.00
	985.00	**985.00**

Against promissory notes executed with Eaton Technologies Private Limited, India (ETPL) for the term of one year. These are renewed and roll forwarded on annual basis and carry interest rate varying from 6.95% p.a to 9.15% p.a (March 31, 2020: 7.30% p.a. to 9.18% p.a).

Subsequent to the year ended March 31, 2021, the terms of the promissory notes are amended and the entire loan (including interest) is payable to Eaton Technologies Private Limited by February 28, 2022 at an interest rate of 7% p.a. The Company has obtained a parent support letter from Danfoss Industries Private Limited (holding company of Danfoss Fluid Power Private Limited) for the purpose of repayment of such loan to ETPL.

14 Other financial liabilities

	March 31, 2021	March 31, 2020
Current		
Security deposits #	28.91	22.88
Interest accrued but not due on borrowings	32.20	52.36
	61.11	**75.24**

Security deposits are non-interest bearing.

15 Trade Payables

	March 31, 2021	March 31, 2020
Current		
Trade outstanding dues to micro and small enterprises (refer note 34)	186.88	119.03
Trade outstanding dues to other than micro and small enterprises*	279.28	311.32
Trade outstanding dues to related parties (refer note 35)	394.34	549.83
	860.50	**980.18**

* It includes payable towards purchase of property, plant and equipment INR 6.39 (March 31, 2020: INR 6.18)

Terms and conditions of the above financial liabilities:

a. Trade payables are non-interest bearing and are normally settled on 60-150 days terms
b. For terms and conditions with related parties, refer note 35
c. For Company's credit risk management process, refer note 37.

16 Other current liabilities

	March 31, 2021	March 31, 2020
Contract liabilities *	17.31	3.96
Statutory dues and other payables **	46.34	48.57
	63.65	**52.53**

* Contract liabilities include advances received from Customers as well as consideration received before the company has transferred goods or services to the customers
The significant increase in contract liabilities is due to customer advances received and outstanding at the end of the year.
** Statutory dues and other payable majorly includes payable on account of provident fund, tax deducted at source etc.
For Company's credit risk management process, refer note 37.

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(All amounts in INR million unless otherwise stated)

17 Provisions

	March 31, 2021	March 31, 2020
Current		
Provision for employee benefits		
Provision for gratuity (refer note 29)	-	6.09
Provision for leave encashment	40.95	38.36
	40.95	**44.45**
Other provision		
Provision for warranties	20.24	21.34
Provision for statutory matters	62.76	66.83
	83.00	**88.17**
	123.95	**132.62**

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, 2021	March 31, 2020
At the beginning of the year	21.34	25.57
Arising during the year	14.78	15.34
Utilized during the year	(15.88)	(19.57)
At the end of the year	**20.24**	**21.34**

Provision for statutory matters

A provision is recognized towards liability expected to arise under Central Sales Tax Act for outstanding 'C' and 'other' forms to be collected by the Company for financial years 2000-01 to 2017-18. The timing and amount of cash flows for sales tax liability, which will arise from these matters, will be determined by the relevant authorities on settlement of the sales tax cases.

	March 31, 2021	March 31, 2020
At the beginning of the year	66.83	79.86
Arising during the year	-	11.48
Utilized during the year	(4.07)	(24.51)
At the end of the year	**62.76**	**66.83**

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(All amounts in INR million unless otherwise stated)

18 Revenue from operations

	March 31, 2021	March 31, 2020
Sale of products		
Finished goods	2,711.56	2,484.14
Traded goods	900.07	1,169.55
Sale of services	29.31	28.14
Other operating revenue		
Scrap sales	4.88	4.88
Government grant - export incentives (Refer Note 10 and Note 6)	6.15	73.56
Total revenue from operations	**3,651.97**	**3,760.27**

Disaggregated revenue information

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

	March 31, 2021	March 31, 2020
Location		
India	2,891.31	3,018.83
Outside India	754.51	667.88
Total revenue from contracts with customers *	**3,645.82**	**3,686.71**
Timing of revenue recognition		
Goods transferred at a point in time	3,616.52	3,658.57
Services transferred over time	29.31	28.14
Revenue from contract with customers *	**3,645.83**	**3,686.71**
Set out below is the amount of revenue recognised from		
Amounts included in contract liabilities at the beginning of the year	3.96	13.51
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	3,652.25	3,701.12
Adjustments		
Discounts	(6.42)	(14.41)
Revenue from contract with customers *	**3,645.83**	**3,686.71**

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 export incentives amounting INR 6.15 (March 31, 2020: INR 73.56)

19 Other income

	March 31, 2021	March 31, 2020
Interest income		
Bank deposits	4.29	4.13
Others**	27.89	-
Rental income (refer note 42)	3.52	4.00
Exchange difference (gain)	7.98	-
Gain on sale of Property,Plant and Equipment	-	0.19
Provision for doubtful debts and advances written back	-	5.82
Miscellaneous income	0.82	-
	44.50	**14.14**

** Includes interest on refund received from Income tax department

20 Cost of raw material and components consumed

	March 31, 2021	March 31, 2020
Inventory at the beginning of the year	259.90	319.86
Add: Purchases	1,694.33	1,523.26
	1,954.23	**1,843.12**
Less: Inventory at the end of the year	335.00	259.90
	1,619.23	**1,583.22**

21 Decrease in inventories of finished goods, work in progress and traded goods

	March 31, 2021	March 31, 2020
Inventory at the end of the year		
Traded goods	235.56	229.64
Work-in-progress	75.11	78.19
Finished goods	41.37	86.89
	352.04	**394.72**
Inventory at the beginning of the year		
Traded goods	229.64	282.68
Work-in-progress	78.19	81.36
Finished goods	86.89	75.73
	394.72	**439.77**
	42.68	**45.05**

(All amounts in INR million unless otherwise stated)

22 Employee benefits expenses

	March 31, 2021	March 31, 2020
Salaries, wages and bonus	293.58	287.08
Contribution to provident and other funds	15.28	16.52
Gratuity expense (refer note 29)	9.12	7.28
Staff welfare expenses	16.20	20.69
Recruitment and training expenses	0.04	1.55
	334.22	**333.12**

23 Depreciation expenses

	March 31, 2021	March 31, 2020
Depreciation on property, plant and equipment (refer note 3A)	91.17	81.68
Amortisation of intangible assets (refer note 3C)	-	-
Depreciation on right-of-use assets (refer note 3A)	2.49	1.66
	93.66	**83.34**

24 Finance costs

	March 31, 2021	March 31, 2020
Interest expenses	73.82	86.88
Interest expense on lease liabilities (refer note 42)	0.43	0.38
Others including interest cost on defined benefit plans	2.11	5.23
	76.36	**92.49**

25 Other expenses

	March 31, 2021	March 31, 2020
Consumption of tools	19.45	17.81
Consumption of stores and spares	20.69	21.37
Power and fuel	31.48	38.89
Rent expenses (refer note 42)	3.74	8.97
Freight, packaging and forwarding charges	26.13	41.45
Rates and taxes	12.57	20.71
Repairs and maintenance		
- Building	0.61	1.15
- Plant and machinery	21.67	16.03
- Others	5.39	4.54
Contract labour expenses	78.60	80.61
Corporate cost allocation	33.44	41.80
Corporate support charges (refer note 41)	143.47	142.73
IT Support charges	4.63	5.52
Royalty expense	156.85	144.85
Legal and professional fees	12.21	10.87
Provision for doubtful debts and advances (net of bad debt & advances written off INR 7.80) (March 31, 2020: INR 6.40)	5.79	-
Provision for doubtful receivables	10.62	-
Write off/loss on sale/discard of property, plant and equipment (net)	2.02	-
Exchange loss	-	0.53
Warranty cost (net) (refer note 17)	14.78	15.34
Travelling and conveyance	3.80	18.49
Payment to auditor (refer details below)	3.14	3.19
Corporate social responsibility ('CSR') expenditure (refer note 26 below)	2.68	1.27
Miscellaneous expenses**	37.00	35.62
	650.76	**671.74**
Less: Expenses recovered (refer note 40)	(1.94)	(6.00)
	648.82	**665.74**

** Miscellaneous expenses includes communication cost, security, printing, stationery, postage expenses, etc.

Payment to auditor

	March 31, 2021	March 31, 2020
As auditor:		
Audit fees	2.48	2.48
Tax audit fee	0.50	0.55
In other capacity		
Reimbursement of expenses	0.16	0.16
	3.14	**3.19**

26 Corporate Social responsibility

	March 31, 2021	March 31, 2020
a) Gross amount required to be spent by the Company during the year	2.68	2.20

1. Amount spent during the year ended on March 31, 2021:	**In cash**	**Yet to be paid**	**Total**
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	2.68	-	2.68

2. Amount spent during the year ended on March 31, 2020:	**In cash**	**Yet to be paid**	**Total**
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	1.27	-	1.27

The disclosures pertaining to Corporate Social Responsibility (CSR) activities applicable as per the amendment to Schedule III to the Companies Act, 2013 dated March 24, 2021 are not made by the Company as the amendment is applicable with effect from April 01, 2021.

27 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, 2021	March 31, 2020
Numerator for basic and diluted profit per share			
Net profit/ (loss) after tax attributable to shareholders	(A)	145.78	(102.68)
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)**	**20.93**	**(14.74)**

* 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.

28 Significant accounting judgements, estimates and assumptions

The preparation of the Ind-AS financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgement, which have the most significant effect on the amounts recognised in the Ind-AS financial statements:

Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- Identifying performance obligation and determining timing of satisfaction of performance obligation for sale of products

The Company enters into contract with customers for sale of goods and determined that such goods are capable of being distinct. The fact that the Company regularly sell these goods on a standalone basis indicate that the customer can benefit from it on an individual basis. The Company also determined that the promises to transfer these goods are distinct within the context of the contract and that they are not input to a combined item in the contract. The Company has concluded that sale of goods is to be recognised at a point in time because it does not meet the criteria for recognising revenue over a period of time. The Company has applied judgment in determining the point in time when the control of the goods are transferred based on the criteria mentioned in the standard read along with the contract with customers, applicable laws and considering the industry practices. Further, the dispatch of goods is made on the basis of the purchase orders obtained from the customer taking into account the just in time production model with customer.

- Determining method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of goods include volume rebates that give rise to variable consideration. In estimating the variable consideration, the Company applies either the most likely amount method or the expected value method. The most likely amount method is applied for contracts with a single-volume threshold and the expected value method is applied for contracts with more than one volume threshold.

The Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the Ind-AS financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The discount rate is the parameter most subject to change. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables for India. Mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Future details about gratuity obligations are given in note 29.

Warranty and provision for statutory matters

For estimates relating to warranty and provision for statutory matters relating to sales tax liability, refer note 17.

(All amounts in INR million unless otherwise stated)

Deferred tax asset

The Company have not recognised Deferred Tax Asset (DTA) on temporary timing differences and MAT credit entitlement in the preparation of Ind-AS financial statements. In accordance with Ind AS 12, DTA should be recognised only to the extent it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. The Company has not created deferred tax assets considering the uncertainity due to COVID 19 situation and absence of probable future taxable profits which will be available to utilise the deductible timing differences.

Inventory provision

Management reviews the inventory age listing on a periodic basis. The management has appointed a material review board, which reviews aged items in inventory to identify excess and obsolete inventory. This review involves comparison of the carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete slow-moving items and net realisable value. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the IND AS financial statements.

Impairment of non-financial assets

Considering the current COVID situation, the Company has performed tests for impairment in the current year on the basis of budgeted future estimated revenue and cash flow. The Management has prepared estimates of future cash flows by considering various factors like impact on the economy and asset prices in general and impact of current events and conditions on the Company's operations. Based on calculation performed management believes that there is no requirement of any impairment for non - financial assets.

29 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, 2021**	**March 31, 2020**
Current service cost	9.12	7.28
Net benefit expense in the Statement of profit and loss	**9.12**	**7.28**

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

Particulars	**March 31, 2021**	**March 31, 2020**
Actuarial loss due to DBO experience	6.74	7.96
Actuarial (gain) due to DBO assumption changes	(0.91)	(2.53)
Return on plan assets (greater) /less than discount rate	(2.83)	1.18
Actuarial losses recognized in OCI	**3.00**	**6.61**

Net interest expense

Particulars	**March 31, 2021**	**March 31, 2020**
Interest cost	8.38	8.96
Interest income on plan assets	(8.79)	(7.79)
Net interest expense	**(0.41)**	**1.17**

Balance Sheet
Benefit asset/(liability):

	March 31, 2021	**March 31, 2020**
Present value of defined benefit obligation	(135.67)	(137.82)
Fair value of plan assets	142.91	131.73
Plan (liability)	**7.24**	**(6.09)**

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

Particulars	**March 31, 2021**	**March 31, 2020**
Opening defined benefit obligation	137.82	122.60
Current service cost	9.12	7.28
Interest cost	8.38	8.96
Acquisitions	-	2.93
Actuarial losses on obligation experience	6.74	7.96
Actuarial (gain) due to DBO assumption changes	(0.91)	(2.53)
Benefits paid directly by the Company	-	(1.20)
Benefits paid from plan assets	(25.48)	(8.18)
Closing defined benefit obligation	**135.67**	**137.82**

Changes in the fair value of plan assets are as follows

Particulars	**March 31, 2021**	**March 31, 2020**
Opening fair value of plan assets	131.72	82.46
Acquisition adjustment	0.73	2.60
Interest income on plan assets	8.79	7.79
Contributions by employer	24.32	48.24
Return on plan assets (lesser) than discount rate	2.83	(1.18)
Benefits paid from plan assets	(25.48)	(8.18)
Closing fair value of plan assets	**142.91**	**131.73**

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, 2021**	**March 31, 2020**
Investments with insurer	100%	100%

(All amounts in INR million unless otherwise stated)

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

	March 31, 2021	March 31, 2020
Defined benefit obligation	135.67	137.82
Fair value of Plan assets	142.91	131.73
(Deficit)	7.24	(6.09)
Current service cost	9.12	7.28
Remeasurements recognised in OCI	3.00	6.61

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

Particulars	March 31, 2021	March 31, 2020
Discount rate	6.80%	6.70%
Expected rate of increment in compensation levels for year and thereafter	8.75%	8.75%

Employee turnover	March 31, 2021	March 31, 2020
Age		
Between 21-30 years	13%	13%
Between 31-34 years	7%	7%
Between 35-44 years	5%	5%
Between 45-50 years	5%	5%
Between 51-54 years	5%	5%
Above 55 years	4%	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 scenario.

A quantitative sensitivity analysis for significant assumption as at March 31, 2021 and March 31, 2020 is as shown below

Particulars	Sensitivity level	Impact on defined benefit obligation	
		March 31, 2021	March 31, 2020
Discount rate	0.5% increase	(4.37)	(4.28)
	0.5% increase	4.68	4.58
Future salary increase	0.5% increase	4.57	4.53
	0.5% decrease	(4.32)	(3.68)
Withdrawal rate	5% increase	(8.60)	(4.95)
	5% decrease	5.19	8.38

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.

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

Particulars	March 31, 2021	March 31, 2020
Within the next 12 months (next annual reporting period)	13.61	18.75
Between 1 and 2 years	21.77	14.36
Between 2 and 3 years	20.15	22.24
Between 3 and 4 years	10.51	18.61
Between 4 and 5 years	17.77	10.30
Sum of years 6 to 10	74.70	78.53

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 11 years (March 31, 2020: 11 years).

(All amounts in INR million unless otherwise stated)

30 Capital and Other commitments

	March 31, 2021	March 31, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances: March 31, 2021: INR 2.57 (March 31, 2020: INR 14.17))	100.15	15.68
	100.15	**15.68**

31 Contingent liabilities

	March 31, 2021	March 31, 2020
Excise duty/service tax matters (Refer note a)	73.51	73.51
Sales tax matters - VAT and liability for non submission of various forms and other documents (Refer note a and b)	63.18	80.22
Income tax matters (Refer note a)	104.27	110.13
Workmen compensation in respect of certain employees	23.28	30.70
Financial guarantees and advance guarantees given to the customers and other authorities	18.54	18.95
Various other claims made against the Company not acknowledged as debts (Refer note c)	-	1.99
	282.78	**315.50**

Note:

(a) Excise duty / Service tax / Income tax/ Sales tax/ VAT dues comprise of demand from the Indian tax authorities for payment of additional tax in relation to various tax matters.The Company is contesting the demands and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the Ind-AS financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

The income tax assets as at March 31, 2021 of INR 147.05 include receivables from income tax department for various assessment years. During the assessment proceedings, the department has adjusted the refunds of INR 42.32 and INR 61.95 for AY 2007-08 and AY 2009-10 from the liabilities of AY 2013-14 and AY 2014-15.

(b) The Company has applied under the Amnesty Scheme, 2019, for various cases outstanding under Central Sales Tax Act, 1956 and Maharashtra Value Added Tax Act, 2002 and adequate provision has been considered by the Company for such years. (Refer note 17 for provision made against statutory matters)

(c) Based on discussions, the management feels that the claims lodged by the supplier have no ground and hence no provision against such claims is considered necessary.

(d) Subsequent to the year ended March 31, 2021, Company has received draft assessment order from income tax authorities for AY 2017-18 wherein adjustment of INR 77.78 million is made in income by the Transfer Pricing Officer. The Company has filed the objections against the order to the Dispute Resolution Panel (DRP) and the final order is awaited.

32 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 Indian Accounting Standard 108 Operating Segments (IND AS 108). Accordingly the Company has disclosed segment information for its secondary segment which is the geographical segment as below:

Particulars	March 31, 2021	March 31, 2020
Revenue (gross)		
India	2,897.46	3,092.39
Outside India	754.51	667.88
Total	**3,651.97**	**3,760.27**

Particulars	March 31, 2021	March 31, 2020
Carrying amount of assets		
Assets within India	2,308.35	2,441.53
Assets outside India	287.78	138.09
Total	**2,596.13**	**2,579.62**

Particulars	March 31, 2021	March 31, 2020
Additions to property, plant and equipment and intangible assets		
Additions to capital assets within India	18.90	128.84
Additions to capital assets outside India	-	-
Total	**18.90**	**128.84**

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

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

Particulars	March 31, 2021	March 31, 2020
Amount of sales to customer more than 10% of total sales	791.14	574.98

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(All amounts in INR million unless otherwise stated)

33 Income tax

Particulars	**March 31, 2021**	**March 31, 2020**
Current tax		
Current tax (net of MAT credit utilisation of INR 25.09)	34.18	3.72
Tax expense for earlier years	(1.67)	-
Relating to origination and reversal of temporary differences	-	121.92
Income tax expense reported in statement of profit or loss	**32.51**	**125.64**
OCI expense		
Deferred tax related to items recognised in OCI during the year	**(1.05)**	**(2.31)**
Total Tax expense	**31.46**	**123.33**

Reconciliation of tax expense and the accounting profit multiplied by tax rate

Particulars	**March 31, 2021**	**March 31, 2020**
Profit before tax	178.29	22.96
Tax rate @ 34.94%	**62.30**	**8.02**
Adjustments for:		
Effect of deferred tax assets reversed on account of uncertainty (refer note below)	-	116.15
Utilisation of brought forward losses and MAT credit against current year taxable income	(35.41)	-
Tax expense for earlier years	(1.67)	-
Effect of tax on items in the nature of permanent disallowance in tax	7.29	1.47
Items in OCI	(1.05)	(2.31)
Income-tax expense	**31.46**	**123.33**

A Deferred tax assets (net)

	Balance sheet		**Statement of profit and loss**	
	March 31, 2021	**March 31, 2020**	**March 31, 2021**	**March 31, 2020**
Deferred tax assets				
Mat credit entitlement	-	-	-	43.97
Other timing difference	5.54	8.80	3.26	57.39
Items in other comprehensive income	-	-	-	9.93
Brought forward losses to the extent not utilised	-	-	-	-
	5.54	**8.80**	**3.26**	**111.29**
Deferred tax liability				
Difference between WDV as per tax and WDV as per financial	5.54	8.80	(3.26)	8.32
	5.54	**8.80**	**(3.26)**	**8.32**
Deferred tax (charge)			**-**	**119.61**
Net Deferred tax asset	**-**	**-**		

Due to prevailing COVID19 situation and the resultant near term uncertainty of future taxable profits, the Company has assessed and accordingly restricted the recognition of deferred tax assets to the extent of deferred tax liability. The Company will continue to assess the unrecognised deferred tax assets at each reporting date and will recognise them to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

As at March 31, 2021, the Company has not recognized deferred tax assets aggregating to INR 61.98 (March 31, 2020: INR 111.53), which represents MAT Credit entitlement of INR 21.27 (March 31, 2020: INR 47.69) and other timing differences amounting to INR 40.71 (March 31, 2020: INR 63.84). Due to prevailing COVID19 situation and the resultant near term uncertainty of future taxable profits, the Company has assessed and accordingly restricted the recognition of deferred tax assets to the extent of deferred tax liability. As per Income tax laws, MAT Credit entitlement is available to be carried forward for a period of 15 years from the year in which it is generated. The Company will continue to assess deferred tax assets at each reporting date.

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(All amounts in INR million unless otherwise stated)

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

	March 31, 2021	March 31, 2020
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	186.88	118.87
Interest due on above	-	0.16
	186.88	**119.03**
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.	2.52	4.05
The amount of interest accrued and remaining unpaid at the end of each accounting year.	2.52	4.21
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.	29.34	26.82

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.

35 Related party disclosure

(a) Names of the related parties and related party relationship
Related party where controls exists

A	Holding company	ETN Holding 2 Limited, Mauritius
	Ultimate holding company	Eaton Corporation Plc, Ireland
	Significant influence of major shareholder	Eaton Technologies Private Limited, India

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

B	Fellow subsidiaries	Eaton Fluid Power (Shanghai) Co. Limited, China
		Eaton (China) Investment Co. Limited, China
		Eaton Hydraulics Systems (Jining) Co. Limited, China
		Eaton Limited, Brazil
		Eaton Limited, Korea
		Eaton Industries Manufacturing GmbH, India, Branch Office
		Eaton Power Quality Private Limited, India
		Eaton Industrial Systems Private Limited, India
		Eaton Industries LP, Switzerland
		Eaton Industries Pte. Ltd, Singapore
		Eaton Industries Manufacturing GmbH, Switzerland
		Eaton Industries Pty Ltd, Australia
		Swiss Branch of Eaton Industries, LP, Switzerland
		Eaton Limited, Havant, UK
		Eaton Industries (Japan) Ltd., Japan
		Eaton Aeroquip LLC, USA
		Eaton Manufacturing LP - Turkey Branch
		Polimer Kaucuk Sanayi ve Pazarlama A.S., Turkey
		Eaton Industrial Products Private Limited, India (erstwhile Internormen Filters Private Limited)
		Eaton Hydraulics (Ningbo) Co., Ltd., China
		Eaton Hydraulics SAS, France
		Eaton Germany GmbH, Germany
		Eaton Intelligent Power Limited, Ireland
		Eaton Industries Manufacturing GmbH, South Korea
		Eaton Hydraulics LLC, USA
		Eaton Corporation, USA
		Eaton Ltda., Brazil
		Eaton Fluid Power GmbH, Germany
		Eaton Industries Limited, Korea
		Eaton Industries Company, New Zealand
		Eaton Industries B.V., Netherlands
		MTL Instruments Private Limited, India
		Eaton India Innovation Centre LLP,India
		Jeil Hydraulics Company Limited
		Eaton Industries (UK) Limited, UK
C	Key management personnel	Shandar Alam, Whole Time Director (upto July 31, 2020)
		Prasanna Kumar , Whole Time Director (w.e.f October 01, 2020)
		Prajakta Prakash Kulkarni, Independent director
		Nilesh Vilas Dharwadkar, Director
		Sachit Atmaram Nayak, Director
		Surendra Yeshwant Kelkar, Independent Director
		Ishan Kulkarni, Company Secretary (upto October 15, 2020)
D	Employee benefit plans where there is significant influence	Vickers Sperry of India limited, Employee's Group Gratuity-cum-Life Assurance Scheme. EFPL Officers’ Group Superannuation Scheme
E	Others	Eaton India Foundation

(All amounts in INR million unless otherwise stated)

35 (b) Transactions along with related parties and balances as at March 31, 2021 and March 31, 2020 and for the year then ended are as follows:

Particulars	**March 31, 2021**	**March 31, 2020**
Transactions during the year		
Revenue / Income		
Sale of products (refer note (iii))	692.20	486.41
Sale of services	24.54	19.65
Rent received	3.52	4.00
Expenses recovered	1.94	6.00
Cost / expenditure		
Purchases of raw material and trading goods	1,024.34	1,069.70
Purchase of tangible assets	0.48	0.01
Staff welfare expenses	0.25	0.52
Purchase of stores and spares	-	1.30
Purchase of tools	-	0.17
Rent expense	2.52	4.43
Repairs and maintenance	0.83	0.94
Travelling and conveyance	0.05	-
Legal and professional fees	3.93	3.33
Corporate cost allocation	33.44	41.80
Corporate support charges	143.47	142.73
IT support charges	4.63	5.52
Royalty expense	156.85	144.85
Interest expense	73.82	86.88
Corporate Social Responsibility ('CSR') expenditure	2.68	1.27
Miscellaneous expense	0.06	-
Others		
Purchase of Services Exports from India Scheme (SEIS) scrips	-	67.68
Managerial remuneration		
Remuneration paid to key managerial personnel (refer note (i) and (ii))	14.90	14.49
Contributions paid to employee benefit plans	24.32	48.74

	March 31, 2021	**March 31, 2020**
Closing balances at the year end		
Short term borrowings	985.00	985.00
Trade payables	394.34	549.83
Interest accrued but not due	32.20	52.36
Trade receivables	256.28	113.71

(All amounts in INR million unless otherwise stated)

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

Particulars	March 31, 2021	March 31, 2020
Transactions during the year		
Sale of products (refer Note (iii))		
Eaton Corporation, USA	376.37	277.73
Eaton Industries Manufacturing GmbH, Switzerland	305.82	145.22
Sale of services		
Eaton (China) Investment Co. Limited, China	15.34	14.06
Eaton Corporation, USA	2.47	2.34
Eaton Hydraulics LLC, USA	5.94	-
Rent received		
Eaton Technologies Private Limited, India	3.18	3.18
Eaton Power Quality Private Limited, India	0.34	0.82
Expenses recovered		
Eaton Technologies Private Limited, India	1.94	6.00
Purchases of raw materials and trading goods		
Eaton Hydraulics LLC, USA	134.50	149.33
Eaton Hydraulics Systems (Jining) Co. Limited, China	197.75	157.70
Eaton Industries Manufacturing GmbH, Switzerland	268.54	262.51
Eaton Fluid Power(Shanghai) Company Ltd, China	66.09	161.27
Polimer Kaucuk Sanayi VE Pazarlama A.S. , Turkey (refer note (iv))	115.43	116.33
Purchases of tangible assets		
Eaton Corporation, USA	0.09	-
Eaton Aeroquip LLC, USA	0.39	-
Swiss Branch of Eaton Industries LP, Switzerland	-	0.01
Managerial remuneration (refer note (i) and (ii))		
Shandar Alam, Whole Time Director (upto July 31, 2020)		
Prasanna Kumar , Whole Time Director (w.e.f October 01, 2020)		
Prajakta Prakash Kulkarni, Independent Director	14.90	14.89
Surendra Yeshwant Kelkar, Independent Director		
Ishan Kulkarni, Company Secretary (upto October 15, 2020)		
Contributions paid to employee benefit plans		
Vickers Sperry of India limited, Employees' Group Gratuity-cum-Life Assurance Scheme	24.32	48.24
EFPL Officers' Group Superannuation Scheme	0.47	0.50
Staff welfare expenses		
Eaton Technologies Private Limited, India	0.25	0.52
Purchase of stores and spares		
Eaton Corporation, USA	-	1.11
Purchase of tools		
Eaton Hydraulics LLC, USA	-	0.17
Rent expense		
Eaton Technologies Private Limited, India	1.38	1.74
Eaton Power Quality Private Limited, India	1.04	2.49
Repairs and maintenance		
Eaton Industries Manufacturing GmbH, Switzerland	0.30	0.23
Eaton Power Quality Private Limited, India	0.42	-
Eaton Hydraulics LLC, USA	0.07	0.10
Eaton Industrial Products Private Limited, India	-	0.36
Eaton Fluid Power(Shanghai) Company Ltd, China	-	0.06
Eaton Germany GmbH, Germany	-	0.17
Travelling and Conveyance		
Eaton Technologies Private Limited, India	0.05	-
Legal and professional expenses		
Eaton Technologies Private Limited, India	3.34	3.33
Eaton Corporation, USA	0.59	-
Corporate Social Responsibility ('CSR') expenditure		
Eaton India Foundation	2.68	1.27
Purchase of Services Exports from India Scheme (SEIS) scrips		
Eaton India Innovation Centre LLP	-	19.05
Eaton Technologies Private Limited, India	-	48.63

(All amounts in INR million unless otherwise stated)

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

Particulars	March 31, 2021	March 31, 2020
Transactions during the year		
Corporate cost allocation		
Eaton Technologies Private Limited, India	33.44	41.80
Corporate support charges		
Eaton Corporation, USA	109.72	96.93
Eaton (China) Investment Co. Ltd, China	33.75	45.80
IT support charges		
Eaton Corporation, USA	3.66	1.22
Eaton Technologies Private Limited, India	0.97	4.30
Royalty expense		
Eaton Corporation, USA	31.20	31.35
Eaton Intelligent Power Limited, Ireland	125.66	113.50
Interest expense		
Eaton Technologies Private Limited, India	72.32	86.01
Miscellaneous Expenses		
Eaton Industrial System Pvt Ltd	0.06	-
Short term borrowings taken		
Eaton Technologies Private Limited, India (refer note (i))	1,345.00	985.00
Short term borrowings repaid		
Eaton Technologies Private Limited, India (refer note (i))	1,345.00	985.00
Closing balances at the year end (Balance Sheet)		
Short term borrowings		
Eaton Technologies Private Limited, India	985.00	985.00
Trade payables		
Eaton Hydraulics Systems (Jining) Co., Ltd.	42.36	-
Polimer Kaucuk Sanayi ve Pazarlama AS, Turkey	44.32	-
Eaton Corporation, USA	48.37	100.47
Eaton Hydraulics LLC, USA	49.31	-
Eaton Industries Manufacturing Gmbh, Switzerland	43.91	76.45
Eaton Intelligent Power Limited, Ireland	48.51	118.64
Interest accrued but not due (net of TDS)		
Eaton Technologies Private Limited, India	32.20	52.36
Trade receivables		
Eaton Corporation, USA	96.29	43.73
Eaton Industries Manufacturing GmbH, Switzerland	153.26	49.72

Notes:

(i) As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to key managerial personnel is not ascertainable and therefore, not included.
(ii) Salary, bonus and allowance paid to key management personnel have not been disclosed on grounds of confidentiality.
(iii) The Company has made free of cost Sales of 1080 units (March 31, 2020: 547 units) to various related parties.
(iv) The normal credit terms of the group companies transactions are 60 days. However, the payments have been delayed for more than 365 days in certain cases.
(v) 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, 2021, the Company has not recorded any impairment of receivables relating to amounts owned by related parties (March 31, 2020: 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
(vi) Transactions entered on behalf of other related parties has not been disclosed.

(All amounts in INR million unless otherwise stated)

36 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, 2021:

Particulars	Amortised Cost	Total carrying value	Total fair value
Financial assets			
Loans	1.88	1.88	1.88
Trade and other receivables	1,066.50	1,066.50	1,066.50
Cash and cash equivalents	86.93	86.93	86.93
Others financial assets	5.50	5.50	5.50
Total	**1,160.81**	**1,160.81**	**1,160.81**
Financial liabilities			
Borrowings	985.00	985.00	985.00
Trade payables	860.50	860.50	860.50
Lease liabilities	3.79	-	-
Other financial liabilities	61.11	61.11	61.11
Total	**1,910.40**	**1,906.61**	**1,906.61**

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, 2020:

Particulars	Amortised Cost	Total carrying value	Total fair value
Financial assets			
Loans	2.82	2.82	2.82
Trade and other receivables	760.36	760.36	760.36
Cash and cash equivalents	122.02	122.02	122.02
Others financial assets	6.73	6.73	6.73
Total	**891.93**	**891.93**	**891.93**
Financial liabilities			
Borrowings	985.00	985.00	985.00
Trade payables	980.18	980.18	980.18
Lease liabilities	2.60	-	-
Other financial liabilities	75.24	75.24	75.24
Total	**2,043.02**	**2,040.42**	**2,040.42**

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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(All amounts in INR million unless otherwise stated)

37 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, 2021 and March 31, 2020

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, SGD and EURO 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.

Particulars	Change in FC rate	Effect on profit before tax and pre-tax equity (For USD)	Effect on profit before tax and pre-tax equity (For SGD)	Effect on profit before tax and pre-tax equity (For EURO)
March 31, 2021	5%	(8.18)	(0.32)	(0.32)
	-5%	8.18	0.32	0.32
March 31, 2020	5%	(45.14)	0.22	1.05
	-5%	45.14	(0.22)	(1.05)

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.

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 fixed assets. 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, 2021	Less than 12 months	1-5 years
Borrowings	985.00	-
Lease liabilities	2.43	0.99
Trade payables	860.50	-
Other financial liabilities	61.11	-

As at March 31, 2020	Less than 12 months	1-5 years
Borrowings	985.00	-
Lease liabilities	2.60	3.92
Trade payables	980.18	-
Other financial liabilities	75.24	-

38 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.

	March 31, 2021	March 31, 2020
Borrowings	985.00	985.00
Less: Cash and cash equivalents	86.93	122.02
Net debt	898.07	862.98
Equity	485.00	341.17
Gearing ratio (times)	**1.85**	**2.53**

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

Eaton Fluid Power Limited
Notes to the IND-AS financial statements for the year ended March 31, 2021
(All amounts in INR million unless otherwise stated)

39. Based on understanding between the Company and Eaton Technologies Private Limited (ETPL), a sum of INR 33.44 (March 31, 2020: INR 41.80) was charged by ETPL for providing corporate functional support. The Company has agreed the cost allocation policy with ETPL and has accounted for such expenses accordingly.

40. During the year, the Company has incurred expenditure in the nature of power, utilities maintenance, travelling and conveyance, administrative services etc against which proportionate cost of INR 1.94 (March 31, 2020: INR 6.00) have been charged to other Eaton Group entities based on Memorandum of Understanding between the companies.

41. Based on agreement between the Company and other Eaton Group companies, Eaton (China) Investment Company Limited, China and Eaton Hydraulics LLC, USA, have charged a sum of INR 33.75 (March 31, 2020: INR 45.80) and INR 109.72 (March 31, 2020: INR 96.93) respectively for providing product management & marketing services, supply chain management services, information technology services, taxation and finance related services, etc on proportionate basis.

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(All amounts in INR million unless otherwise stated)

42. Leases

Company as a lessee

The Company has entered into a arrangement to obtain a warehouse 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 3A.

(a) Set out below are the carrying amounts of right of use assets recognised and the movements during the period:

Right of Use Assets	March 31, 2021	March 31, 2020
Cost		
As at April 01	5.82	-
Additions (Note 3A)	-	7.48
Depreciation expense	(2.49)	(1.66)
As at March 31	**3.33**	**5.82**

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

Particulars	March 31, 2021	March 31, 2020
Lease Liabilities		
As at April 01	6.06	-
Additions	-	7.48
Finance cost accrued during the year	0.43	0.38
Payments	(2.70)	(1.80)
As at March 31	**3.79**	**6.06**
Current portion	**2.43**	**2.60**
Non-current portion	**1.36**	**3.46**

The maturity analysis of lease liabilities are disclosed in Note 37.
The effective interest rate for lease liabilities is 8.43%, with maturity between 2021-2023

(c) The following are the amounts recognised in profit or loss:

Particulars	March 31, 2021	March 31, 2020
Depreciation expense of right-of-use assets	2.49	1.66
Interest expense on lease liabilities	0.43	0.38
Expense relating to short-term leases and low value leases (included in other expenses) (refer note 25)	3.74	8.97
Total amount recognised in profit or loss	**6.66**	**11.01**

(d) The effect of initial recognition as per Ind AS 116 for the year ended March 31, 2020 was as follows:

Particulars	March 31, 2020
Decrease in rent expenses	1.80
(Increase) in Depreciation by	(1.66)
(Increase) in Finance cost by	(0.38)
Net impact on statement of Profit and Loss	**(0.24)**
Lease liability	7.48
Right-of-use (ROU) asset	7.48

The Company had total cash outflows for leases of INR 2.70 (March 31, 2020: INR 9.60).

Company as a lessor

Operating lease (cancellable)

The Company has entered into operating lease agreement on its investment property consisting of freehold land at Pimpri, Pune for a lease term of 59 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. The Company is also recovering rent from its group companies against use of office space on a sub-lease basis. 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	March 31, 2021	March 31, 2020
Rent received during the year on investment property (refer note 4)	3.18	3.18
Recovery of rent from group companies on sub lease basis	0.34	0.82
	3.52	**4.00**

(All amounts in INR million unless otherwise stated)

43. Fair values measurement

The following table provides a comparison by class of the carrying amounts and fair value of the Company's financial instruments other than those with carrying amounts that are reasonable approximations of fair values.

	Carrying values	
	March 31, 2021	**March 31, 2020**
Non current assets		
Investment property	0.03	0.03
Total	**0.03**	**0.03**

	Fair value	
	March 31, 2021	**March 31, 2020**
Non current assets		
Investment property	50.52	47.69
Total	**50.52**	**47.69**

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

The fair value of the financial assets and financial liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair value hierarchy

The table below analyses IND-AS financial instruments carried at fair value, by valuation method as defined in accordance with the accounting policy.

	Significant observable inputs Level 2	**Significant unobservable inputs Level 3**	**Total**
Non current assets			
Investment property			
March 31, 2021	50.52	-	50.52
March 31, 2020	47.69	-	47.69

There have been no transfer between Level 1 and Level 2 during the year. For details of valuation method, assumption used for valuation of investment property, refer note 4.

44. Impact of COVID-19

During the year, the outbreak of the coronavirus disease of 2019 (COVID-19) spread throughout the world and became a global pandemic. The pandemic triggered a significant downturn globally, including in India. To contain the spread of COVID-19, offices and manufacturing facilities of Company were shut down for short period during the year. The pandemic curve in India was declining towards the end of 2020 but have resurged again from March 2021. The worldwide landscape has also changed with the pandemic continuing to peak in some geographies and reducing in others. While the downturn, closures and limitations on movement are expected to be temporary, the duration of the production and supply chain disruptions, and related financial impacts, cannot be estimated at this time. The Company has assessed the impact of COVID-19 on its assets, including property, plant and equipment, receivables, inventories etc. and it was concluded that the impact is not significant.

45. Note on Social Security

The Code on Social Security, 2020 (‘Code’) relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued by the Government of India. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

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

per Tridevlal Khandelwal
Partner
Membership No: 501160

Place: Pune
Date: October 18, 2021

For and on behalf of the Board of Directors of
Eaton Fluid Power Limited

Ravichandran Purushothaman
Director
DIN: 06584433

Place: Pune
Date: October 18, 2021

Guttahalli Prasannakumar
Director
DIN: 08873121

Place: Pune
Date: October 18, 2021

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