

DIRECTORS REPORT

Dear Members,

Your Directors have immense pleasure in presenting the *Fortieth Annual Report* on the business and operation of the Company together with Audited Statement of Accounts for the financial year ended 31st March, 2022.

1. Financial Highlights

During the year under review, performance of your company as under:

Particulars	(Rs.in Lakhs)	
	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Turnover	19,575.77	15,230.78
Profit/(Loss) before taxation	2,016.57	1,543.33
Less: Tax Expense	484.39	473.83
Profit/(Loss) after tax	1,532.18	1,069.50
Add: Balance B/F from the previous year	8,381.49	7,466.53
Balance Profit / (Loss) C/F to the next year	9,730.83	8,381.49

The consolidated performance of the group as per consolidated financial statements is as under:

Particulars	(Rs.in Lakhs)	
	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Turnover	20,458.87	15,526.33
Profit/(Loss) before taxation	2,064.85	1,666.82
Less: Tax Expense	490.65	507.78
Profit/(Loss) after tax	1,626.25	938.17
Add: Balance B/F from the previous year	8,466.97	7,659.62
Balance Profit / (Loss) C/F to the next year	9,943.72	8,466.97

****Annexure-I & II for details**

2. Dividend

During the Year, the board had declared and distributed an interim dividend of 20% & proposed final dividend of 20%, total dividend for 2021- 22 is 40%.

3. Amounts transferred to Reserves

The Board of the company has not transferred any amount to its reserves.

4. State of Company's Affairs & Future Outlook

Your company completes 40 glorious years of its existence, a long and successful journey begun by our Visionary Founder late Shri. N. K. Garg whose disciplined work culture & professional approach towards governance, principles of independence, transparency, accountability, responsibility, compliance, ethics and trust has been successfully adopted by the present management . We continue to uphold the value systems which have been the traditional hallmark of Diffusion Engineers Limited for over four decades.

As we step into the third year of the pandemic, it is abundantly clear that we are at the crossroads of a redefined future. While economies started rebounding, new challenges

emerged including geopolitical tensions, inflationary headwinds as well as extended supply chain disruptions. Our journey into the future will be shaped by our ability to adapt to the new normal and address emerging challenges with agility, innovative capabilities, inclusivity and resilience. While the COVID-19 crisis has caused unprecedented disruptions to human life and economic activity, it has also provided multi-dimensional learnings which will power transformational change going forward. We witnessed the constant breakthroughs in science, technology and innovation, the extraordinary fortitude displayed by humanity in serving people in distress. As the dust settles, and a clearer picture of the world ahead emerges, we believe we are standing at the threshold of a period of great opportunity and growth. In the face of widespread change, your company has shown remarkable resilience and adaptability, coming out stronger than ever, after catastrophic events like the global financial crisis and the pandemic.

In a year marked by several disruptions, your Company turned in a credible performance and registered appreciable recovery across key performance parameters. One of the most noteworthy recognition awarded to your Company was *the Great Place to Work* Certification! It is a matter of achievement and satisfaction that your Company was able to withstand the challenges and came out with an encouraging performance under challenging conditions. The company continues to be a high quality manufacturer of Maintenance Welding Consumables like Lo Temp Welding Electrodes, Flux Cored Wires, Wear Plates, Wear Plate Parts, and Fabricated Equipment's for the core industrial sectors. The company has constantly been striving to move up in the value chain of its customers and therefore has been successful in keeping ahead of competition. Its emphasis on making consistent quality and precision products for highly critical end user applications have led it realize higher returns.

The subsidiary and associate companies have also improved their performance during the year.

5. Directors

In terms of the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013:-

Dr. RenukaGarg (DIN - 02815373) Director retires by rotation at the ensuing Annual General Meeting, and being eligible, offers herself for re - appointment.

6. Number of Board Meetings & Attendance

Four meetings were held during the Financial Year 2021 - 22, dates and attendance details:-

Sr. No.	Date of meeting	Total No. of Directors on the Date of Meeting	No. of Directors attended	% of Attendance
1	05.07.2021	4	4	100%
2	24.09.2021	4	4	100%
3	17.12.2021	4	4	100%
4	30.03.2022	4	4	100%

7. Audit Committee

The Audit Committee's role is to assist the Board in overseeing the governance function and responsibilities in relation to the Company's financial reporting process carried out by the Management, internal control system, risk management system and internal and

external audit functions. The Audit Committee functions according to its charter/terms of reference that defines its composition, authority, responsibilities and reporting functions.

The Audit Committee consists of the following members -

1. Mr. Ajay Jain [Independent Director& Chairperson of the Committee]
2. Ms Anita Vijayakar[Independent Director]
3. Mr. PrashantGarg [Managing Director]

8. Corporate Social Responsibility Committee

The Corporate Social Responsibility ('CSR') Committee of the Board is constituted in accordance with the provisions of Section 135 of the Act. The CSR Committee has been entrusted with the specific responsibility of reviewing corporate social responsibility programs.

The CSR Committee comprised Three (3) Members out of which one (1) is an Independent Director. During the year under review, two (2) Meetings of the CSR Committee were held on the following date -

- 24th September, 2021

The members of the CSR Committee are as under -

1. Ms Anita Vijayakar [Independent Director & Chairman of Committee]
2. Dr. RenukaGarg [Director]
3. Mr. PrashantGarg [Managing Director]

9. NOMINATION & REMUNERATION COMMITTEE

The role of committee is to formulate Policy on director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters as specified u/s 178 (3) of the Companies Act, 2013 have been followed by company.

The Nomination & Remuneration Committee consist of following directors as members -

1. Mr. Ajay Jain [Independent Director & Chairman of the Committee]
2. Ms Anita Vijayakar [Independent Director]
3. Dr. RenukaGarg [Director]

During the year under review, One (1) Meeting of the Nomination & Remuneration Committee was held on the following date -

- 17th December, 2021

10. Corporate Governance

The company has been following best of the Corporate Governance practices, the management strives to protect the interest of all stakeholders in most transparent and fair manner. The Board is balanced as regards the representation of suitable number of non - executive and independent directors who are taking care of the interests and well - being of all the stakeholders. Its decision making is objective. The Board has an effective mechanism to understand the concerns of stakeholder & it effectively and regularly monitors the functioning of the management team. The Board remains in effective control of the affairs of the company at all times.

11. Secretarial Standards:

The directors state that applicable Secretarial standards. i.e. SS - 1 and SS - 2 relating to 'Meeting of the Board of Directors' and 'General Meetings', respectively have been duly followed by the company.

12. Subsidiaries

As on 31st March 2022 company had 7 (seven) Subsidiary Companies (3 in India and 4 overseas) including Associates / Joint Venture details of which is given in

Following are the list of Subsidiaries and Associates / Joint Venture

- i. Diffusion Super Conditioning Services Private Limited
- ii. Nowelco Industries Private Limited
- iii. Diffusion HERNON Adhesive And Sealant Private Limited
- iv. Diffusion Engineers Singapore Pte. Ltd.
- v. Diffusion Wear Solutions Inc. (Philippines)
- vi. LSN Diffusion Limited (United Kingdom)
- vii. Mecdiff SD BHD (Malaysia)

13. Particulars of Loan, Guarantees and Investments under Section 186

The Company has not given any loans or provided additional corporate guarantees during the year under review. Details of loans, guarantees and investments covered under the provisions of Section 186 of the Act are given in the notes to the financial statements. The details of investments made during the year are as per **Annexure-III**

14. Particulars of Contracts or Arrangements with Related Parties

All the related party transactions entered into during the financial year were on arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Act. There are no transactions to be reported in **Form AOC-2**.

15. Deposits

Company has not accepted/ renewed/ repaid any deposits during the financial year.

16. Auditors

M/s. P. R. Bhuta & Co. Chartered Accountants, Mumbai, were appointed for a period of five as statutory auditors of the company, at the Annual General Meeting held on 14th September 2019.

The board has decided to re appoint them for remaining period of two years until 42nd AGM. The auditors have confirmed that they are not disqualified from continuing as Auditors of the company.

The Notes on financial statement referred to in the Auditor's Report are self - explanatory and do not call for any further comments. The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer.

17. Cost Audit Records

Company has maintained cost records as per section 148 (1) of Companies Act, 2013.

18. Cost Auditors and Cost Audit Report

As per Section 148 of the Act, the Company is required to have the audit of its cost records conducted by a Cost Accountant in practice. The Board on the recommendation of the Audit Committee has appointed **M/s A. B. Verma & Co., Cost Accountants, Nagpur (Firm Registration No. 102527/ Membership No. 31367)**, as the Cost Auditors of the Company for FY 2022 - 23 under Section 148 and all other applicable provisions of the Act read with the Companies (Cost Records and Audit) Amendment Rules, 2014.

M/s A. B. Verma & Co., have confirmed that they are free from disqualification specified under Section 141(3) and provision to Section 148(3) read with Section 141(4) of the Act and that the appointment meets the requirements of Section 141(3)(g) of the Act. They have further confirmed their independent status and an arm's length relationship with the Company.

The remuneration payable to the Cost Auditors is required to be placed before the members in a general meeting for their ratification. Accordingly, a Resolution for seeking members' ratification for the remuneration payable to **M/s A. B. Verma & Co.** is included at item No. 4 of the Notice convening the AGM.

19. Risk Management Policy

The company has been constantly assessing various risk factors and it has adequate risk review system with respect to following areas:

Plant Operations: - Various Plants of the company are running at its optimal capacity. It is paying special attention to Industrial safety and training, company has insured all its plants adequately.

Financial Risk: - The Company has been managing its financial and other resources very effectively; Credit period offered to customers is effectively monitored, with optimal utilization of internal accruals the financial cost is very minimum in comparison with other companies operating in the same field. It also pays more attention to Foreign Exchange Earning and Expenses.

Protection of IPR & Legal diligence: -Constant evaluation of Intellectual Property Rights related issues and Contractual obligations with Jurisdictional issue are diligently observed.

20. Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

There are no cases reported during the year under review. Ms. Anita Vijayakar (DIN - 01190200) an Independent Director is a Chairperson of the committee along with various women staff members both from plants and office.

21. Conservation of Energy, Technology, Absorption, Foreign Exchange Earnings and Outgo

Details is as per **Annexure-IV**

22. Corporate Social Responsibility (CSR) Policy

Composition of CSR committee, the details about implementation is provided as per the prescribed format under Companies (Corporate Social Responsibility Policy) Rules, 2014, is as per **Annexure-V**

23. Extract of Annual Return

Pursuant to Section 92(3) read with Section 134 (3) (a) of the Act and Rule 12 of the Companies (Management and Administration), Rules 2014 the Annual Return in Form MGT - 7 as on March 31, 2022 is available on the Company's website at www.diffusionengineers.com

24. Directors Responsibility Statement

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

- a) in the preparation of the annual accounts for the financial year ended 31st March, 2022, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments 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 31st March, 2022 and of the profit /loss of the Company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

25. Acknowledgment

Your Directors place on record their gratitude to government authorities, Bankers and all stakeholders for the assistance, co - operation and encouragement they extended to the Company. Your directors also wish to place on records their sincere thanks and appreciation to Employees at all levels for continuing support and unstinting efforts in ensuring an excellent all around operational performance.

**For and on behalf of the Board of Directors of
Diffusion Engineers Limited**

PRASHANT GARG
Digitally signed by PRASHANT GARG
DN: c=IN, o=Personal,
2.5.4.20=8889-1d3-3b79e8d25d3d8f
c8922b4d9e4d5f88ac2378a41198
4c6117c, postalCode=440025,
st=Maharashtra,
serialNumber=a8d3f890ea26afab2f9
106e9a99f3c8aaf3f890e488c2287c
5a336d9d7, cn=PRASHANT GARG
Date: 2022.09.22 15:32:42 +05'30'

Place : Nagpur

PRASHANT GARG

Date : 21st September, 2022

(DIN - 00049106)

Chairman & Managing Director

Annexure I
(Point 1 of Director's Report)

(Rs. in Lakhs)

CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 ST MARCH 2022									
Sr No	PARTICULARS	Diffusion Engineers Limited	Nowelco Industries Pvt Ltd	Diffusion HERNON Adhesive & Sealant Pvt Ltd	Diffusion on Super-Conditioning Service Pvt Ltd		Diffusion Engineers Singapore & Associates	Inter Company Deduction	TOTAL
1	Turnover	19,575.770	850.056	19.013	139.941		842.587	(968.495)	20,458.872
2	Profit & (Loss) Before Tax	2,016.57	5.257	4.440	2.794		35.788	0	2,064.85
3	Less:- Tax Expenses	484.39	(0.640)	1.163	0.630		5.111	0	490.65
4	Profit & (Loss) After Tax	1,532.185	5.897	3.277	2.163		30.677	0	1,574.20
5	Add :- Balance Bf From The Previous Year	8,381.49	(83.106)	6.34	35.512		215.321	(88.587)	8,466.97
6	Balance Profit/(Loss) C/F To The Next Year	9,730.83	(77.209)	9.61	37.675		247.781	(4.967)	9,943.72

Annexure II
(Point 1 of Director's Report)

(Rs. in Lakhs)

CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 ST MARCH 2021									
Sr No	PARTICULARS	Diffusion Engineers Limited	Nowelco Industries Pvt Ltd	Diffusion HERNON Adhesive & Sealant Pvt Ltd	Diffusion on Super-Conditioning Service Pvt Ltd		Diffusion Engineers Singapore & Associates	Inter Company Deduction	TOTAL
1	Turnover	15,230.78	424.39	27.78	6.96		612.14	(775.73)	15,526.33
2	Profit & (Loss) Before Tax	1,543.33	(18.88)	3.17	.98	-	138.28	0	1,666.81
3	Less:- Tax Expenses	473.83	(0.788)	0.82	0.17	-	33.73	0	507.22
4	Profit & (Loss) After Tax	1,069.49	(18.09)	2.34	.81	-	106.49	0	1,159.03
5	Add :- Balance Bf From The Previous Year	7,466.52	(65.01)	3.98	65.03	-	72.50	302.75	7,473.46
6	Balance Profit/(Loss) C/F To The Next Year	8,381.49	(83.10)	6.33	65.91	-	194.52	(334.160)	8,231.00

Annexure III
(Point 12 of Director's Report)

Details of Investment & Loan Given to Subsidiaries			
Sr. No.	Particulars	Amount in Rs.	
1	Trade Investments (In Equity Shares of Subsidiaries)	For the year ended 31st March, 2022	For the year ended 31st March, 2021
	Diffusion Super - Conditioning Services Pvt. Ltd.	32,96,828	32,96,828
	Diffusion Engineers Singapore Pte. Ltd.	1,54,42,500	1,54,42,500
	Diffusion Hernon Adhesive And Sealant Pvt. Ltd.	9,50,000	9,50,000
	Newelco Industries Pvt. Ltd	66,73,428	66,73,428
	Total	2,63,62,756	2,63,62,756

Annexure IV
(Point 20 of Director's Report)

a) Conservation of Energy

Steps taken for conservation	<p>The conservation of energy in all the possible areas is undertaken as an important means of achieving cost reduction. Savings in electricity, fuel and power consumption receive due attention of the management on a continuous basis.</p> <p>The company is also slowly and steadily moving away from Thyristor based welding machines to Invertor Based Welding machines. It has also adopted the use of LED Lights in place of Incandescent Luminours.</p> <p>The installed Captive Power Solar Plant on the rooftop of N78-79 workshop has been operating efficiently and giving good returns to Company. We are exploring the possibility of putting up another similar unit on the newly completed workshop in Khapri (Uma) Kalmeshwar.</p>
Steps taken for utilizing alternate sources of energy	15% of the aggregate power consumption of the Company is met by Solar Power.
Capital investment on energy conservation equipment	expenditure incurred Rs.1,55,00,000/- Cr and company would be allocating sufficient funds in depending on future requirement

b) Technology Absorption

Efforts made for technology absorption	<p>New technology is constantly used for improving production / process in its main products and services.</p> <p>Production module of ERP is getting implemented in the company as that will increase the effectiveness and streamline manufacturing processes. New techniques in manufacturing are continually adopted to reduce cycle times, costs and improve quality.</p>
Benefits derived	The adoption of new techniques has helped us to remain competitive and offset increase in other costs such as electricity, transportation and remuneration.
Expenditure on Research & Development, if any	Company is always on the forefront of the new innovations, constant research and development with resultant improvement in techniques of production has immensely benefitted the company. We are constantly striving to improve the performance to increase lifetimes achieved by the surface coatings carried out using our products. The company keeps launching new products depending on the customer needs.
Details of technology imported, if any	Most of the technology imported previously
Year of import	Prior Years
Whether imported technology fully absorbed	Imported technology is been fully absorbed

Areas where absorption of imported technology has not taken place, if any	None
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c) Research and Development:

Research and development is very important because of the nature of the industry and your company has given it prime importance. We have recently added another specialist who is very experienced in the field of repair and maintenance for strengthening our team further. Our collaboration with Universities has increased to make use of their facilities and get research assistance. We are planning to establish a separate R&D wing in our premises for focusing more on R&D. Your company has also received DSIR - Department of Scientific and Industrial Research Certificate.

d) Exports:

Growth in Export is consistent and improving every year.

e) Foreign Exchange Earning and outgo:

Foreign Exchange Earning	Rs. 1,617.40/- Lakhs
Foreign Exchange outgo	Rs. 14.01/- Lakhs

Annexure V
(Point 21 of Director's Report)

Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of sub - section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

Areas identified for CSR activities:

1. Health & Sanitation
2. Preserving Environment & Water Harvesting
3. Education / Skill Development
4. Provision of Basic Needs

Financial Period 2021 - 2022

I. HEALTH & SANITATION:

1. Preserving Environment:

The Company contributed to CSR for the Maintenance of the Pawanbhoomi ground cum park. Project is ongoing project & progressing well. Ground is well maintained.

II. MEDICAL FUND :

1.Chichbhavan Village Medical Services -Kalmeshwar

We have got the permission from CDPO to use the AganwadiChichbhavan for the services. We have commenced the medical services for Chichbhavan and surrounding 5 villages with permission from Government Health Department. Nagpur from February 2019. We have designated Dr. MayurNipane (B.A.M.S & D.Y.N.S) for the program. Dr. Nipane will visit and provide medical consultancy twice a week i.e. on Wednesday & Saturday for 2 hours per visit i.e. 7.00 am to 9.00 am and 3.00 pm to 5.00 pm. Diffusion Engineers Ltd pays consultancy charges to Dr. Nipane per visit for 8 visits per month. Diffusion Engineers Ltd provides basic and emergency medication to patients and is stocked at the Aganwadi. In case of requirement for specialists, Dr. Nipane will refer the same. We have provided Dr. Nipane with an Assistant to assist in the service and spreading knowledge about the services in Chichbhavan and nearby villages. Project is just started with average of 10 to 20 patients per visit. Project is progressing well and going on with great success with average of 15 to 25 patients per session. Medicines as per requirement are also provided to the patients which saves them a trip to the nearest primary health centre.

2.Oxygen Generation Plant Donation:

The NK Garg Foundation donated an advanced Oxygen Generation Plant in the memory of Shri NK Garg, Founder and Promoter of Diffusion Engineers Limited to Swami Vivekanand Medical Mission Hospital at Khapri, Nagpur. The Oxygen plant was inaugurated by ShriNitinGadkari, Honorable Minister of Road Transport and Highways and The Minister of Micro, Small and Medium Enterprises on 04th July 2021.

Mr. PrashantGarg, Managing Director of Diffusion Engineers Ltd informed that during the second wave of COVID, hospitals across India witnessed critical constraints in

Oxygen availability. The hospital administrators have realized the need to be self-sufficient and have in-house oxygen generation facilities. With similar aim, the NK Garg Foundation has come forward and decided to donate the Oxygen generation plant which has the capacity to fill 70 jumbo oxygen cylinders per day. ShriNitinGadkari appreciated the efforts of NK Garg Foundation and highlighted the need to have more private organizations/NGO to supplement the efforts of the Government.

MrPrashantGarg, Managing Director gave a brief introduction about various social and charitable activities conducted under the Foundation. The Foundation has been doing charitable work in the areas of Health, Education and Social Upliftment. This effort was generously supported by donors and patrons from across the world. The addition of the Oxygen Generation Plant will make the hospital self-sufficient and ready to manage any unexpected surge in the number of patients. The occasion was graced by the trustees of Hospital, MrsChitraGarg, MrsNeeluGarg, MsAneetaVijayakar, Dr. NitinGarg, Mr. UlhasBujone – Secretary SVMM, Dr. MeenaKhaltkar- Medical superintendent.

The oxygen generation plant donated by NK Garg Foundation would be solace to the needy in these trying times.

3. Cataract Operation:

Company contributed towards Cataract operation performed for one patient at Dr. K. G. Deshpande Memorial Centre, Ram Nagar.

III. SOCIAL COMMITMENT / PROVISION OF BASIC NEEDS

1. Donation of RO water plant to SanjiwanVridhashram :

Sanjiwangram is a fast evolving facility that has its roots in The Sanjiwan Home/ Vridhashram for aged. The Foundation cares for the elderly who cannot live with their families for various reasons, or those who choose to live in an old age home, or have no option other than living in one. The elderly who become unwanted once their material utility is over develop a feeling of destitution. Diffusion Engineers Limited donated AquatekPurio RO water plant to SanjiwanVridhashram to take care of their needs through the harsh summers. The Water Plant has a capacity of purifying 100 litres per hour.

IV. SKILL DEVELOPMENT

Right training and skill development can help underprivileged individuals to get decent jobs and sustain high growth momentum. One of the CSR Goals at Diffusion Engineers Limited is to help & to develop the skills of youth of rural India as well as to enable them to earn well and live a better life. Understanding its importance, we started Pilot Batch of Welding & Fabrication Skill Development Course under Skill India in association with Montfort Integrated Education Centre commenced on 16th January, 2020. It gets immense response & there are total 15 participants. 11 students have appeared for the certificate exam of Skill India.

V. CONTRIBUTION TO N. K. GARG FOUNDATION

The Company has donated to N K Garg Foundation with objective of which is to work towards social upliftment of the deprived / less privileged sections of the society. The donation will be used for projects in the areas of education in rural development, medical aid, skill development, child nutrition & maternal health, assistance to

industrial workers and to sportsmen. The company and the N.K. Garg Foundation jointly completed the installation of Oxygen Plant through Swami Vivekananda Mission, Khapri Nagpur.

Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub - heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent : Direct or through implementing agency*
1	Preserving Environment Sustainability	Environment	Pawanbhoomi Nagpur Maharashtra	2,85,000	-	2,85,000	Ground cum park Maintenance
2	Promoting Health & Sanitation	Health	Village Chichbhavan Taluka Kalmeshwar City Nagpur State Maharashtra	1,47,106	-	1,47,106	a) Medical Services b) Medical Consultancy from specialists c) Emergency medication d) Promotion of above services amongst people to take benefit of the said services e) Providing Medicines
3	Social	Donation to Swami Vivekanand Medical Mission for Oxygen Generation	City Nagpur State Maharashtra	17,00,000	18,373	17,18,373	Donated Advanced Oxygen Generation Plant through NK Garg Foundation
4	Promoting Health & Sanitation	Operation at Dr. K. G. Deshpande Memorial Centre	City Ram Nagar Nagpur State Maharashtra	7,500	-	7,500	Donation to perform Cataract operation of a patient
5	Social	Donation to Sanjiwan Vriddhashram	City Nagpur State Maharashtra	26,000	-	26,000	donated Aquatek Purio RO water plant to Sanjiwan Vriddhashram
7	Education/ Skill Development	Skill Development Course in association with Montfort Integrated Education Centre	City Nagpur State Maharashtra				Pilot Batch of Welding & Fabrication Skill Development Course under Skill India in association with Montfort Integrated Education Centre commenced on 16 th January, 2020
7	Social	Donation to NK Garg Foundation	City Nagpur State Maharashtra	11,50,000	-	11,50,000	Donation for the projects in the areas of a) Education in rural development, medical aid, skill development, child nutrition & maternal health b) Assistance to industrial workers and to sportsmen. c) Installation of Advanced Oxygen Generation Plant
	TOTAL			33,16,106	18,373	33,34,479	Actual : 33,34,479 Scheduled : 25,00,000

Note -

*The CSR Projects of Diffusion Engineers Limited are executed through **N. K. Garg Foundation** as discussed and approved by the Board of Directors, however due to subsequent amendments N.K.GargFoundation being section 8 company requires itself to comply with the requirements of CSR-1. During the year under review the company donated Rs.11, 50,000/- to the foundation from its funds. N.K.Garg foundation has applied for the recognition under section 80(G) of the Income Tax, 1961. The registration is still awaited & hence it could not file Form CSR-1 with the MCA. In the meantime during the year under review the menace of COVID-19 corona virus was at peak to tide over the shortage of Oxygen in the city of Nagpur the company and the N.K. Garg Foundation jointly completed the installation of Oxygen Plant through Swami Vivekananda Mission ,Khapri Nagpur.*

DIFFUSION ENGINEERS LTD					
BALANCE SHEET AS ON 31 MARCH 2022					
PARTICULARS	NOTES	AS At March 31, 2022		AS At March 31, 2021	
		₹ (Lakhs)	₹ (Lakhs)	₹ (Lakhs)	₹ (Lakhs)
EQUITY AND LIABILITIES					
Shareholder's funds					
(a) Share Capital	3	373.75		373.75	
(b) Reserves and Surplus	4	11,466.41	11,840.16	10,117.07	10,490.82
(c) Money Received against Sahre Warrants			-		-
Share Application Money Pending Allotment					
Non- current liabilities					
(a) Long-term borrowings	5	279.90		556.47	
(b) Deferred tax liabilities (net)		343.50		340.12	
(c) Other long-term liabilities	6	65.33		71.52	
(d) Long Term Provisions		-	688.73	-	968.12
Current Liabilities					
(a) Short term borrowings	7	2,130.56		1,366.88	
(b) Trade payables	8				
total outstanding dues of micro and small enterprises		13.07		88.10	
total outstanding dues of creditors other than micro and small enterprises		2,760.32		1,739.92	
(c) Other current liabilities	9	846.99		766.66	
(d) Short term provisions	10	27.01	5,777.95	21.70	3,983.27
TOTAL			18,306.84		15,442.21
ASSETS					
Non-current assets					
(a) Property, plant and equipment and Intangible assets	11				
(i) Property, Plant and Equipment		5,827.58		5,544.31	
(ii) Intangible Assets		17.19		21.72	
(iii) Capital Work-in-Progress		-		-	
(iv) Intangible assets under development		-	5,844.77	-	5,566.02
(b) Non-Current Investments	12		2,138.81		1,635.65
(c) Deferred Tax Assets (Net)			-		-
(d) Long-Term Loans and Advances			-		-
(e) Other Non Current Assets	13		548.80		456.03
Current assets					
(a) Current Investments					
(b) Inventories	14	4,153.54		2,687.28	
(c) Trade receivables	15	4,779.79		4,106.06	
(d) Cash and Cash equivalents	16	249.37		402.80	
(e) Short-term loans and advances	17	591.75	9,774.46	588.36	7,784.50
(f) Other Current Assets			-		-
TOTAL			18,306.84		15,442.21
Contingent Liabilities	26(ii)		0.00		0.00
Significant accounting policies and notes to accounts					
As per our report of even date For P. R. Bhuta & Co. Chartered Accountants F.R.N. : 101471W PANKAJ Digitally signed by PANKAJ RASIKLAL BHUTA Date: 2022.09.21 19:40:55 +05'30'			For and on behalf of the Board of Directors of Diffusion Engineers Limited PRASHANT GARG Digitally signed by PRASHANT GARG, DN: cn=Pankaj Rasiklal Bhuta, o=Diffusion Engineers Limited, email=prashant.garg@diffusioneng.com, c=India AJAY MOTILAL JAIN Digitally signed by AJAY MOTILAL JAIN, DN: cn=Prashant N. Garg, o=Diffusion Engineers Limited, email=prashant.garg@diffusioneng.com, c=India		
PANKAJ BHUTA Proprietor Membership Number: 31820 Place : Mumbai Date : 21-09-2022 UDIN : 22031820ATRLKA2793			PRASHANT N. GARG Chairman & Managing Director DIN :- 00049106 Place : Nagpur Date : 21-09-2022		
			AJAY JAIN Director DIN :- 02815416 Place : Nagpur Date : 21-09-2022		

DIFFUSION ENGINEERS LTD
STATEMENT OF PROFIT & LOSS FOR THE PERIOD 31 MARCH 2022

	PARTICULARS	NOTES NO	AS At March 31, 2022		AS At March 31, 2021	
			₹ (Lakhs)	₹ (Lakhs)	₹ (Lakhs)	₹ (Lakhs)
i	Revenues from operations	18	19,575.77		15,230.78	
ii	Other income	19	342.08		175.48	
iii	Total Income			19,917.85		15,406.27
iv	Expenses					
	Cost of material consumed	20	11,067.69		6,112.84	
	Purchase of Traded goods (inclusive of Stock-in-Transit)		820.66		598.71	
	Direct Expenses	21	2,521.86		1,699.00	
	Changes in inventories	22	(641.37)		1,662.57	
	Employee benefit expenses	23	2,594.91		2,312.37	
	Finance costs	24	133.88		189.95	
	Depreciation expenses and amortisation exps	11	383.52		374.00	
	Others expenses	25	1,020.12		913.50	
	Total expenses			17,901.28		13,862.93
v	Profit before exceptional and extraordinary items and tax			2,016.57		1,543.33
vi	Exceptional and Extraordinary Items			-		-
vii	Prior Period Items			-		-
viii	Profit Before Income Tax & CSR			2,016.57		1,543.33
ix	CSR for the Period			33.34		23.73
x	Profit Before Income Tax			1,983.23		1,519.60
ix	Tax Expenses:					
	Current income tax		481.01		402.99	
	Short / (Excess) Provision for Income Tax				-	
	Deferred income tax		3.38	484.39	70.85	473.83
	Net Profit for the Period			1,498.84		1,045.77
	Earnings per equity share:					
	Basic			40.10		27.98
	Diluted			40.10		27.98

As per our report of even date
For P. R. Bhuta & Co.
Chartered Accountants
F.R.N. : 101471W

PANKAJ RASIKLA L BHUTA

PANKAJ BHUTA
Proprietor
Membership Number: 31820
Place : Mumbai
UDIN : 22031820ATRLKA2793
Date : 21-09-2022

For and on behalf of the Board of Directors of
Diffusion Engineers Limited

PRASHANT GARG

PRASHANT N. GARG
Chairman & Managing Director
DIN :- 00049106
Place : Nagpur

Date : 21-09-2022

AJAY MOTILAL JAIN

AJAY JAIN
Director
DIN :- 02815416
Place : Nagpur

Date : 21-09-2022

DIFFUSION ENGINEERS LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH 2022

PARTICULARS	AS At March 31, 2022		AS At March 31, 2021	
	₹ (Lakhs)	₹ (Lakhs)	₹ (Lakhs)	₹ (Lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before tax		1,983.23	-	1,045.77
Adjustments for :				
Bad Debts & Write Off	12.99		26.31	
Write Back	(2.45)		(26.63)	
Depreciation	383.52		374.00	
Dividend on Investments	-		-	
Interest and Finance Charges	133.88		189.95	
Interest Income	(31.48)		(20.19)	
Loss / (Surplus) on Sale of Fixed Assets / Investments (Net)	(120.25)		(38.08)	
		376.22		505.35
Operating Profit before Working Capital changes		2,359.45		1,551.12
Adjustment for :				
Inventories	(1,466.27)		1,757.25	
Trade Receivables	(686.72)		(524.63)	
Other receivables	(96.16)		(12.98)	
Trade Payables	947.82		(673.46)	
Other Liabilities	76.07		(85.57)	
		(1,225.26)		460.60
Cash generated from Operations		1,134.19		2,011.72
Direct Taxes Paid		(481.01)		(402.99)
Deferred Tax		3.38		70.85
Net Cash Flow from Operating Activities (A)		656.55		1,679.58
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Inflow / (Outflow) on account of :				
Dividend on Investments			20.19	
Interest Income	31.48		89.73	
(Purchases) / Sales of Fixed Assets (Net)	(662.26)		-	
(Purchases) Capital W.I.P			38.08	
Profit/(loss) on sale of Investments	120.25		67.75	
(Purchases) / Sales of Investments (Net)	(503.16)			
Net Cash Flow from Investing Activities (B)		(1,013.70)		215.76
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds / (Repayment) from/of Secured Loans	487.10		(1,241.65)	
Interest and Finance Charges	(133.88)		(189.95)	
Dividend paid (including tax on dividend)	(149.50)		(130.81)	
Net Cash Flow from Financing Activities (C)		203.72		(1,562.41)
Net Increase / (Decrease) in Cash and Cash Equivalents [A+B+C]		(153.43)		332.93
Cash and Cash Equivalents as at the beginning of the year	402.80		69.87	
Cash and Cash Equivalents as at the year end	249.37		402.80	
		(153.43)		332.93
Reconciliation to Cash and Bank Balances given in Schedule 6:				
Cash and Bank Balance as at the year end		(0.00)		0.00
Less:				
Balances in Fixed Deposit accounts kept as security for Overdraft Facilities and Bank Guarantee with the bankers		249.37		402.80
Cash and Cash Equivalent as at the year end		249.37		402.80

As per our report of even date

For P. R. Bhuta & Co.
Chartered Accountants
F.R.N. : 101471W

PANKAJ BHUTA
RASIKLAL BHUTA
BHUTA

PANKAJ BHUTA
Proprietor
Membership Number: 31820
Place : Mumbai
UDIN : 22031820ATRLKA2793
Date : 21-09-2022

For and on behalf of the Board of Directors of
Diffusion Engineers Limited

PRASHANT N. GARG

PRASHANT N. GARG
Chairman & Managing Director
DIN :- 00049106
Place : Nagpur

Date : 21-09-2022

AJAY MOTILAL JAIN

AJAY JAIN
Director
DIN :- 02815416
Place : Nagpur

Date : 21-09-2022

NOTES TO ACCOUNTS
DIFFUSION ENGINEERS LTD

NOTE No -3 SHARE CAPITAL

PARTICULARS	₹ (lacs)		₹ (lacs)	
	AS At Mar 31, 2022		AS At March 31, 2021	
<u>AUTHORISED</u> 50,00,000 Equity Shares of Rs 10/- each		500.00		500.00
<u>ISSUED SUBSCRIBED & PAID UP</u> 37,37,467 Equity shares of Rs 10/- each (Refer Note No 26 (iii))		373.75		373.75
		373.75		373.75

Note 3.1 : Reconciliation of number of shares outstanding is set out below:

Particulars	AS At Mar 31, 2022		AS At March 31, 2021	
Equity shares at the beginning of the year (in Nos.)		37,37,467		37,37,467
Add: Shares issued during the current financial year		-		-
Equity shares at the end of the year (in Nos.)		37,37,467		37,37,467

Note 3.2 : The Company has only one class of equity shares. Each holder of equity shares is entitled to one vote per share.

Note 3.3 : There is no fresh issue or buyback of shares during the year.

Note 3.4 : The Company has only one class of equity shares. Each holder of equity shares is entitled to one vote per share.

Note 3.5 : There is no change in the number of shares outstanding at the beginning and at the end of the year.

Note 3.6 : There is no change in the pattern of shareholding during the year. It is same as the last year.

Shares held by promoters at the end of the year 31st March 2022			% Change during the year
Promoter Name	No. of Shares	% of total shares	
N.K. Garg (HUF)	2,97,897	7.97%	
Prashant Garg	14,56,593	38.97%	
Nitin Garg	9,82,322	26.28%	
Chitra Garg	8,49,653	22.73%	
Nitin & Renuka Garg	75,281	2.01%	
Prashant & Neelu Garg	9,364	0.25%	
Total	36,71,110	98.21%	

Shares held by promoters at the end of the year 31st March 2021			% Change during the year
Promoter Name	No. of Shares	% of total shares	
N.K. Garg (HUF)	2,97,897	7.97%	-0.01%
Prashant Garg	14,56,593	38.97%	
Nitin Garg	9,82,322	26.28%	
Chitra Garg	8,49,653	22.73%	
Nitin & Renuka Garg	75,281	2.01%	
Prashant & Neelu Garg	9,364	0.25%	
Total	36,71,110	98.21%	

NOTE No. -4 RESERVES AND SURPLUS

	₹ (lacs)		₹ (lacs)	
	AS At Mar 31, 2022		AS At March 31, 2021	
Securities Premium Account		293.65		293.65
Capital Redemption Reserve		47.22		47.22
Capital Reserve		174.24		174.24
<u>General Reserve</u>				
Opening balance	1,220.49		1,220.49	
Add: Transferred from profit & loss a/c	-		-	
Closing Balance		1,220.49		1,220.49
<u>Profit & Loss Account</u>				
Opening Balance	8,381.49		7,466.53	
Add : Profit as per statement of profit & loss	1,498.84		1,045.77	
	9,880.33		8,512.30	
Less : Final Dividend for F Y 2020-2021	74.75		-	
Less: Interim Dividend for 21-22	74.75		130.81	
Closing Balance		9,730.83		8,381.49
		11,466.41		10,117.07

NOTE No. -5 LONG TERM BORROWINGS

	AS At Mar 31, 2022		AS At March 31, 2021	
SECURED LOANS				
From HDFC Bank Loan (For Vehicle) (Secured against Hypothecation of Audi Q7 45 Tdi Car)	-		4.44	
From HDFC Bank (For Nimji Plant Expansion) (Secured Against hypothecation of Nimji Plant)	74.43	74.43	552.03	556.47
From HDFC Bank (FCTL) (Secured Against hypothecation of Roller)	205.47	205.47		
		279.90		556.47

NOTE No. -6 OTHER LONG-TERM LIABILITIES

	₹ (lacs)		₹ (lacs)	
	AS At Mar 31, 2022		AS At March 31, 2021	
Vehicle/Laptop Scheme		15.12		20.91
Deposits From Distributors		50.21		50.61
		65.33		71.52

NOTE No. -7 SHORT TERM BORROWINGS

	AS At Mar 31, 2022		AS At March 31, 2021	
SECURED LOANS - CASH CREDIT				
<u>From HDFC Bank</u> (Secured against Mortgage of Land & Building, book debts & hypothication of Stock)		1,095.39		941.45
<u>From DBS bank</u> (Secured against Mortgage of Land & Building, book debts & hypothication of Stock)		767.00		175.43
<u>From Yes Bank</u> (Secured against Mortgage of Land & Building, book debts & hypothication of Stock)		50.14		-
From State Bank of India (OD) (Secured against Fixed Deposits) Limit againt FD - 56.60 Lakhs		-		
CURRENT MATURITIES OF LONG TERM BORROWINGS				
From HDFC Bank Term Loan	166.67			250.00
From HDFC Bank FCTL	51.37	218.03		-
		2,130.56		1,366.88
Note 7.1 : The company has unutilised working capital limit from various banks of Rs. 1587.48 lakhs as on 31.3.2022 (Previous Year 31.3.2021 Rs. 2383.12 lakhs)				

NOTE No. -8 TRADE PAYABLES

	AS At Mar 31, 2022		AS At March 31, 2021	
Sundry Creditors:				
Total outstanding dues of micro and small enterprises	13.07		88.10	
Total outstanding dues of creditors other than micro and small enterprises	2,760.32	2,773.39	1,739.92	1,828.02
		2,773.39		1,828.02
Note 8.1 : Steps have been taken to identify the suppliers who qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act 2006. Since no intimation has been received from the suppliers regarding their status under the said Act as at 31st March 2021, disclosures relating to amounts unpaid as at the year end, if any, have not been furnished. In the opinion of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act, is not expected to be material.				

NOTE No. -9 OTHER CURRENT LIABILITIES

	AS At Mar 31, 2022		AS At March 31, 2021	
Statutory Remittances	275.65		151.72	
Interim Dividend Payable 21-22	50.53		-	
Liabilities For Expences	50.29		34.88	
Advance Received from customers	87.34		141.47	
Other Credit Balances	383.08		431.51	
Covid Incentive Payable	0.00		6.98	
Mobile Scheme	0.10	846.99	0.10	766.66
		846.99		766.66

NOTE No. -10 SHORT TERM PROVISIONS

	AS At Mar 31, 2022		AS At March 31, 2021	
Provision for Leave Encashment		27.01		21.70
		27.01		21.70

NOTE No. -12 NON CURRENT INVESTMENTS

	AS At Mar 31, 2022		AS At March 31, 2021	
<u>Non-Trade Investments</u>				
<u>Quoted</u>				
Syndicate Bank Equity Share		0.17		0.17
In Mutual Fund		1,200.41		697.25
<u>Trade Investments</u>				
<u>Unquoted</u>				
<u>In Equity Shares of Subsidiaries</u>				
Diffusion Super-Conditioning Services Pvt. Ltd.		32.97		32.97
Diffusion Engineers Singapore Pte. Ltd.		154.43		154.43
Diffusion Herson Adhesive And Sealant Pvt. Ltd.		9.50		9.50
Newelco Industries Pvt Ltd		66.73		66.73
<u>In Equity Shares of Joint Venture</u>				
LSN Diffusion Ltd (Fully Paid Equity Shares)		674.61		674.61
		2,138.81		1,635.65

NOTE No. -13 OTHER NON CURRENT ASSETS

	AS At Mar 31, 2022		AS At March 31, 2021	
<u>Security Deposits & Fixed Deposit</u>				
Earnest Money Deposit & Security Deposit		74.35		71.47
<u>Fixed Deposit</u> (Security for Overdraft Facilities and Bank Guarantee)		474.45		384.57
		548.80		456.03

NOTE No. -14 INVENTORIES

	AS At Mar 31, 2022		AS At March 31, 2021	
<u>Consumables, Stores and Spare parts</u>				
<u>Stock in trade</u>				
Raw Materials	1,806.74		946.13	
Work in Progress	1,325.13		740.37	
Finished goods & Traded Goods	843.57	3,975.44	762.67	2,449.17
<u>Stock - In - Transit</u>				
Raw Materials	55.87		202.36	
Consumables, Stores and Spare parts	5.35		11.46	
Traded Goods	116.89	178.11	24.29	238.11
		4,153.54		2,687.28

NOTE No. -15 TRADE RECEIVABLES

	AS At Mar 31, 2022		AS At March 31, 2021	
(Unsecured, considered good)				
Outstanding for a period exceeding six months		416.28		521.13
Other Debts		4,363.51		3,584.93
		4,779.79		4,106.06

NOTE No. -16 CASH AND CASH EQUIVALENT

	AS At Mar 31, 2022		AS At March 31, 2021	
<u>Balances with Scheduled Banks</u>				
In Current Accounts	198.17		401.83	
In Dividend Accounts	50.53		0.07	
In Deposit Accounts - Principal & Accrued Interest		248.70		401.90
Cash in Hand		0.67		0.90
		249.37		402.80

NOTE No. - 17 SHORT TERM LOAN AND ADVANCES

	AS At Mar 31, 2022		AS At March 31, 2021	
Loans and advances to related parties		42.64		79.12
<u>Advances with Government Authorities</u>				
Excise Duty & Service Tax			-	
IGST Receivable	0.16		0.23	
CGST Receivable	0.00		0.00	
SGST Receivable	2.95		0.00	
TDS ON GST				
Custom Duty Advance	15.92		-	
Income Tax Refund				
Duty Drawback Receivable	22.63		8.26	
Meis License (Export Incentive Receivable)	6.78		-	
PSI Incentive Receivable	152.45		167.68	
Recurring Deposit Receivable				
VAT & Sales Tax	3.21	204.10	4.18	180.35
<u>Other Short term loans & advances</u> (Unsecured & considered good)				
Deposits Recoverable	122.73		71.53	
Staff Advance	35.97		24.73	
Provision for Tax- Net of Advance Tax	37.12		95.54	
Advance to others	149.20	345.02	137.09	328.89
		591.75		588.36

NOTE No. -18 REVENUES FROM OPERATIONS

PARTICULARS	AS At Mar 31, 2022		AS At March 31, 2021	
<u>Sale of Products & Services</u>				
Sales (Manufacturing)	15,079.89		11,346.29	
Less: Returns	92.73	14,987.15	104.07	11,242.22
Sales (Trading)	1,339.06		865.86	
Less: Returns	13.20	1,325.86	2.78	863.08
Export Sales		1,603.45		1,838.79
Job Work Receipt:				
Local	1,491.50		1,057.71	
Export	13.95	1,505.45	43.00	1,100.71
Less:- Excise Duty				
<u>Other Operating Revenues</u>				
Insurance, Licenses & Packing on Sales	129.25		159.02	
Duty Drawback	24.61	153.86	26.97	185.99
		19,575.77		15,230.78

NOTE No. - 19 OTHER INCOME

PARTICULARS	AS At Mar 31, 2022		AS At March 31, 2021	
Profit on Sale of Assets & Investment		120.25		38.08
Insurance Claim		23.65		10.09
PSI Incentive		69.97		66.68
Interest Received		31.48		20.19
Meis Licence A/C		31.03		4.65
Net Gain on Foreign Exchange Fluctuations		53.61		-
Write Back of Provisions		2.45		26.63
Rent Received		1.66		1.62
Other Income		7.99		7.52
		342.08		175.48

NOTE No. -20 COST OF MATERIAL CONSUMED

PARTICULARS	AS At Mar 31, 2022		AS At March 31, 2021	
<u>Raw Material Consumed</u>				
Opening Stock (inclusive of Stock-in-Transit)	1,060.70		1,076.48	
Add: Purchases (inclusive of Stock-in-Transit)	11,684.67		6,097.06	
	12,745.36		7,173.54	
Less: Closing Stock (inclusive of Stock-in-Transit)	1,677.68	11,067.69	1,060.70	6,112.84
		11,067.69		6,112.84

NOTE No. -21 DIRECT EXPENSES

PARTICULARS	AS At Mar 31, 2022		AS At March 31, 2021	
<u>Consumable, Stores & Spare Parts Material Consumed</u>				
Opening Stock (inclusive of Stock-in-Transit)	99.25		74.46	
Add : Purchase (inclusive of Stock-in-Transit)	515.08		393.49	
	614.33		467.95	
Less: Closing Stock (inclusive of Stock-in-Transit)	129.07	485.26	99.25	368.70
Laboratory Expenses		-		
Custom Duties		127.02		100.33
Job Work Charges		1,051.42		711.55
Labour Charges		156.75		102.75
Carriage Inward & Clearing Charges		247.15		126.83
Power & Fuel		373.62		283.69
Lease Rental		77.78		2.20
Water Charges		2.88		2.95
		2,521.86		1,699.00

NOTE No. -22 CHANGE IN INVENTORIES

PARTICULARS	AS At Mar 31, 2022		AS At March 31, 2021	
Closing Stock				
Work in Progress	1,325.13		740.37	
Finished Goods	452.78		363.44	
Traded Goods (inclusive of Stock-in-Transit)	390.79		423.52	
	2,168.70		1,527.33	
Less: Opening Stock				
Work in Progress	740.37		1,570.11	
Finished Goods	363.44		1,153.25	
Traded Goods	423.52		466.54	
	1,527.33		3,189.90	
Change in Inventories		641.37		(1,662.57)
		641.37		(1,662.57)

NOTE No. - 23 EMPLOYEE BENEFIT EXPENSES

PARTICULARS	AS At Mar 31, 2022		AS At March 31, 2021	
Salaries, Wages, Bonus & Ex-gratia		2,123.17		1,805.23
Sales Commission to Staff		49.18		27.52
Company's Contribution to PF, ESIC & Others		139.67		124.55
Gratuity		38.10		22.41
Directors Remuneration		132.72		121.85
Directors' Commission		70.50		57.50
Staff Training and Recruitment		1.30		(0.01)
Staff Welfare		10.94		5.42
Workman Compensation		-		16.00
Covid Incentive		-		114.59
Leave Travel Allowance & Other Allowance		29.32		17.32
		2,594.91		2,312.37

NOTE No. - 24 FINANCE COST

PARTICULARS	AS At Mar 31, 2022		AS At March 31, 2021	
Bank Interest		93.68		157.03
Bank Charges		29.50		19.16
Other Interest		11.37		13.77
Exchange Fluctuation on Foreign Currency Transactions/ Translations		(0.66)		
		133.88		189.95

NOTE No. - 25 OTHER COST

PARTICULARS	AS At Mar 31, 2022		AS At March 31, 2021	
Rates & Taxes		33.19		19.64
Security Charges		45.56		45.48
Insurance		35.07		43.76
Foreign Travel Expenses		9.08		5.63
Foreign Travel Expenses - Director		2.61		-
Postage, Telegram, Telex & Telephone		19.06		19.02
Printing & Stationery		0.94		0.53
<u>Travelling Expenses & Conveyance:</u>				
Directors	9.25		1.79	
Others	164.65	173.90	112.41	114.20
Rent		38.07		35.80
Office Maintenance & Factory Expenses		3.76		6.21
<u>Repairs & Maintenance:</u>				
Building				
Machinery	5.85		6.81	
Vehicles	27.54		26.67	
Others	28.80	62.19	22.50	55.98
Legal & Professional Charges		124.52		83.29
I. S. O. & R.D.S.O Expenses		2.86		0.70
Membership & Subscription, Books & Periodicals		19.60		5.64
Donation & Charity		-		-
Registration Fees		1.99		0.10
Board Meeting Expenses		0.05		0.00
Filing Fees		0.00		0.42
Directors' Sitting Fees		5.60		5.60
Other Expenses		27.42		16.00
Pooja, Diwali & Gift Expenses		7.76		1.09
<u>Auditors' Remuneration</u>				
Statutory Audit	4.00	-	3.60	
Tax Audit & Transfer Pricing	3.50	7.50	3.30	6.90
Internal Audit Fees		3.20		3.12
Sales Tax Paid		-		-
GST Paid		21.33		0.43
Company Profession Tax		0.08		0.07
Website Development Expenses		0.05		0.05
Carriage Outward & Handling Charges		291.91		278.82
Advertisement		8.24		7.20
Sales Promotion (Including Entertainment)		8.77		2.81
Tender Fees		1.35		0.57
Net Loss on Foreign Exchange Fluctuations		-		18.03
Commission & Discount to Distributors & others		23.51		75.76
Exhibition, seminar & New Product Launching		2.54		0.25
Testing Charges		8.61		8.28
Late Delivery Charges		0.03		24.42
Bad Debts & Write Off		12.99		26.31
Rate / Weight Differences		16.79		1.41
		1,020.12		913.50

NOTES TO ACCOUNTS

Note No. 1 : COMPANY BACKGROUND

Diffusion Engineers Limited is an ISO 14001 & 18001 company engaged in the manufacturing of eletrodes, flux cored wire, manufacturing of Durum products, Diffcor products, service welding and wear plates. Company is also engaged in trading of LSN Powder, Kjellgerg machines and CNC cutting machines. Company is expanding its business in overseas by exporting of manufacturing goods to Asian and other south African countries.

Note No. 2 : SIGNIFICANT ACCOUNTING POLICIES

(i) **Basis of Preparation of Financial Statements :**

The financial statements are prepared in accordance with the Indian Generally Accepted Accounting Principles (GAAP) convention on an accrual basis. GAAP comprises mandatory accounting standards as prescribed by Companies (Accounting Standard) Rules, 2006 under the historical cost (as amended), provisions of Companies Act 2013 (to the extent notified) and the Companies Act 1956 (to the extent applicable). All Accounting policies have been consistently applied by the company and are consistent with those used in the previous year.

(ii) **Use of Estimates :**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based on management's best estimate of current events and actions, actual results could differ from these estimates. Differences between actual results and estimates are recognised in the period in which the results are known / materialised.

(iii) **Revenue Recognition :**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue is recognized when the significant risk and rewards of ownership of the goods have passed to the buyer. Sales are recorded at invoice value, net of sales tax, value added tax (VAT), Goods & Service Tax (GST), returns and trade discounts. Revenue is recognized on accrual basis except in case of significant uncertainties. Export incentives are recognized on accrual basis in the year of export. The Job work revenue are recorded net of service tax/ GST on accrual basis.

(iv) **Property, plant and equipment and Intangible assets and Depreciation**

a) Property, plant and equipment and Intangible assets are stated at cost of acquisition or construction less accumulated depreciation. All costs relating to the acquisition and installation of Property, plant and equipment and Intangible assets net of cenvat credits are capitalised. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit functioning of capability from/or of such assets.

b) In respect of the Property, plant and equipment and Intangible assets of holding company, depreciation on Property, plant and equipment is consistently provided on straight line method at the rates specified in the Schedule III to the Companies Act, 2013. In respect of Plant & Machinery of Unit II (N78, N79), depreciation has been charged on double shift basis. Intangible assets are amortised over a period of five years. No depreciation has been charged on land.

c) In FY 19-20, Plant and Machinery was installed and however some part of it was wrongly added into Building. It has been correctly regrouped from Building to Plant and Machinery in current Financial Year.

(v) **Inventories**

Raw materials, Consumables, Stores and Spare parts 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.

Work in Progress and Finished goods are valued at lower of cost and net realizable value. Cost includes cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost is computed on weighted average / FIFO basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale.

(vi) **Investments**

Trade Investments are the investments made to enhance company's business interests. Investments are classified either as current investments or non-current investments based on management's intention at the time of purchase. Current investments are carried at lower of cost and fair value of each investment individually. Cost for overseas investment comprises the Indian Rupee Value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Non-current investments are carried at cost less provisions recorded to recognise any decline, other than temporary, in the carrying value of each investment.

(vii) **Foreign Currency Transactions**

a) Transactions denominated in foreign currencies are recorded at the RBI Reference rates prevailing at the date of transaction. Items denominated in foreign currency at the year end are translated at year end rates. The exchange differences arising on settlement/translation are recognised in the Statement of Profit & Loss.

b) Investment in equity of foreign subsidiary and Joint Ventures, measured at historical cost, are translated at the exchange rate prevalent at the date of transaction.

viii) **Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(ix) **Employee Benefits**

i) Short Term Employee Benefits:

All the employees benefits payable wholly within twelve months of rendering services are classified as Short term employee benefits and recognised as expenses at undiscounted amount in Statement of Profit & Loss of the year in which the related services are rendered.

ii) Defined Contribution Plan:

Employees benefits in the form of contribution to Provident Fund, ESIC, Labour Welfare Fund and Other Fund are considered to be defined contribution plan and the same are charged to Statement of Profit and Loss of the year when the contributions to the respective funds are due.

iii) Defined Benefits Plan & Other Long Term Benefits:

Retirement benefit in the form of gratuity is considered as defined benefit obligation. Company makes contribution to LIC Group Gratuity Scheme known as "Employees Group Gratuity Scheme". The present value of the obligation is determined on the basis of actuarial valuation as at the Balance Sheet date using the Projected Unit Credit Method. The fair value of the Plan Assets of the Trust, constituted for the benefit of the employees, is reduced from the gross obligation under the Defined Benefit Plans, to recognize the obligation on a net basis.

Long term compensated absences are provided on the basis of an actuarial valuation.

Termination benefits are recognized as and when incurred.

(x) **Taxes on Income**

Income tax expense comprises of current tax and deferred tax charge or credit. Provision for current tax is made on the basis of the estimated assessable income at the tax rate applicable to the relevant assessment year without considering ICDS. The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognised, only if there is a virtual certainty of its realisation, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognised only to the extent there is reasonable certainty of its realisation. At each Balance Sheet date, the carrying amount of deferred tax assets are reviewed to reassure realisation.

(xi) **Impairment of Assets:**

The carrying amounts of the assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized whenever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to the present value at the weighted average cost of capital.

(xii) **Provisions, Contingent Liabilities and Contingent Assets:**

A provision is recognized when an enterprise has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which reliable estimate can be made. Provision are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefit is remote. Contingent assets are neither recognised nor disclosed in the financial statements.

xiii) **Classification of Current/Non Current**

All assets and liabilities are presented as Current or Non Current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI of the Companies Act, 1956. Based on the nature of the products and the time between the acquisition of assets for processing and their realisation, the Company has ascertained its operating cycle as 12 months for the purpose of Current/ Non-Current classification of assets & liabilities.

NOTE No. -26 NOTES ON ACCOUNTS

(in Rs Lakhs)

(i) Figures have been rounded off to the nearest rupee and the figures for the previous year have been re-grouped, re-classified and re-arranged wherever necessary.

(ii) **Contingent Liabilities not provided for :**

Claims against the company not acknowledge as Debt

a. Excise Duty Liability Disputed

Current Year **Previous Year**

16.63

16.63

Note Excise Duty Liability raised on the company by Excise Assessment Authority & appeal has been filed by the company before Nagpur High Court.

(iii) **Details of Shareholders having more than 5% shares in the company as on 31 st March 2022 as under :-**

Sr. No.	Name of the Share Holder	Current Year		Previous Year	
		% of Share Holding	No of Shares	% of Share Holding	No of Shares
1	Mr.N.K.Garg [HUF]	7.97%	2,97,897	7.97%	2,97,897
2	Mr.Prashant Garg	38.97%	14,56,593	38.97%	14,56,593
3	Dr. Nitin Garg	26.28%	9,82,322	26.28%	9,82,322
4	Mrs Chitra garg	22.73%	8,49,653	22.73%	8,49,653

(iv) **Fair Value of Investments :-**

- a) Quoted Non Trade Investment of 268 (Previous Year 268) Equity shares of Canara Bank (Earlier Syndicate) at a cost of Rs. 17,000/- (Previous Year Rs.17,000/-) the Market value of which is Rs. 61,037/- (Previous Year Rs.40827/-).
- b) Unquoted Trade Investment of 3,760 (Previous Year 3,760) Equity shares of Diffusion Super-Conditioning Services Private Limited at a cost of Rs.32,96,828/- (Previous Year Rs. 32,96,828/-).
- c) Unquoted Trade Investment of 6,85,510 (Previous Year 6,85,510) Equity shares of Nowelco Industries Private Limited at a cost of Rs. 66,73,428/- (Previous Year Rs. 66,73,428/-)
- d) Unquoted Trade Investment of 95,000 (Previous Year 95,000) Equity Shares of Diffusion Hemon Adhesive And Sealant Pvt Ltd. at a cost of Rs 9,50,000/- (Previous Year Rs. 9,50,000)
- e) Unquoted Trade Investment of Equity shares of LSN Diffusion Ltd at a cost of Rs. 674,60,687/-(GBP 7,50,000/-) (Previous Year paid up capital Rs.6,74,60,687/-(GBP 7,50,000/-).
- f) Unquoted Trade Investment of 2,50,217 subscribed Equity shares of Diffusion Engineers Singapore Pte Ltd at a cost of Rs. 1,54,42,500/- (USD 2,50,000/-) (Previous Year Rs. 1,54,42,500/-(USD 2,50,000/-)

(in Rs Lakhs)

h) **Mutual Fund Investment**

Sr. No.	Name of Mutual Fund	Amount	No. of Units	Market Value
1	DSP Blackrock India Tiger Fund	29.68	34,449.187	49.18
	(Previous Year)	29.68	34,449	38.18
2	Franklin India Equity Advantage Fund (G)	0.00	8,517.044	8.38
	(Previous Year)	5.38	8,517	8.38
3	Franklin India Prima Fund	7.00	793.6310	11.31
	(Previous Year)	7.00	794	9.95
4	HDFC - Flexi Cap Fund Reg (G)	7.50	1,288.4370	13.03
	(Previous Year)	7.50	1,288	10.27
5	HDFC Balance Advantage Fund (G)	12.98	6,975.006	19.91
	(Previous Year)	12.98	6,975	16.45
6	ICICI Pru - Value Discovery Fund (G)	46.72	35,706.3230	90.53
	(Previous Year)	46.72	35,706	68.78
7	ICICI Pru - Infrastructure Fund Reg (G)	13.91	33,487.3620	27.72
	(Previous Year)	13.91	33,487	20.45
8	Absl Front Line Equity Fund	3.50	1,684.2790	5.68
	(Previous Year)	3.50	1,684	4.73
10	ICICI Pru -Multi Asset Fund	31.09	12,270.8020	53.27
	(Previous Year)	42.98	18,096	59.92
11	IDFC -Flexi cap Fund (G)	15.44	17,188.8460	23.14
	(Previous Year)	15.44	17,189	19.31
12	Frankline- India Bluechip Fund	6.50	1,498.864	10.25
	(Previous Year)	6.50	1,499	8.94
13	Franklin India Short Term Income Plan	31.12	671.884	31.66
	(Previous Year)	239.66	22,263	287.12
14	IDFC -Core Equity Fund (G)	27.50	63,290.4860	43.28
	(Previous Year)	27.50	63,290	35.91
15	L & T Infrastructure Fund	39.50	2,50,330.8080	59.00
	(Previous Year)	33.50	2,22,713	40.47
16	Mirae Asset India Equity Fund- (G)	71.50	1,05,036.00	81.31
	(Previous Year)	54.80	1,02,565	67.19
17	Kotak Flexicap Fund-Growth	59.00	1,46,183	75.97
	(Previous Year)	56.40	1,55,575	69.95
18	L&T Midcap Fund- (G)			
	(Previous Year)	12.60	9,801	17.18
19	Hdfc Small Cap Fund- (G)	9.60	17,566	12.47
	(Previous Year)	9.60	24,741	13.08
20	Axis Bluechip Fund - Regular Plan- Growth	40.00	1,09,185.0000	48.89
	(Previous Year)	32.00	96,745	37.45
21	Parag Parikh Long Term Equity Fund-Regular Plan- C	76.00	1,95,309	96.63
	(Previous Year)	36.00	1,09,101	41.46
22	Kotak Emerging Equity Fund Growth	42.02	63,031.0000	45.00
	(Previous Year)	3.60	11,858	6.80
24	Axis Focused 25-G Fund	22.50	50,299	43.11
	(Previous Year)	-	-	-
26	Icici Prudential Savings Fund- Regular- Growth	0.60	140	433.36
	(Previous Year)	-	-	-
27	Invesco India Contra-G Fund	30.00	40,185	75.44
	(Previous Year)	-	-	-
23	Avendus Absolute Return Fund	201.76	1,0000	212.39
	(Previous Year)	-	-	-
25	Icici Prudential Long Short Fund - Series I	374.98	1,0000	386.33
	(Previous Year)	-	-	-

(v)	Payment to Auditors:	Current Year	Previous Year
	Audit Fees	4.00	3.60
	Tax Audit	1.25	1.20
	Transfer Pricing	2.25	2.10

(vi)	Earning Per Share :	Current Year	Previous Year
	Net Profit after Tax after Prior Period Items and CSR	1,498.84	1,045.77
	No. of Shares Outstanding	37,37,467	37,37,467
	Weighted Average number of shares outstanding during the year	37,37,467	37,37,467
	Basic & Diluted Earning Per Share	40.10	27.98
	[Nominal Value Rs.10/- each] (Rs.)		

(vii)	Break-up of Deferred Tax Assets / (Liabilities) :	Current Year	Previous Year
	Deferred Tax Liability:		
	Timing Difference on account of Carrying amount of Property, plant and equipment and Intangible assets in the Financial Statements and the Income Tax Return	350.30	366.24
	Deferred Tax Assets:	-	-
	Expense allowable for tax purpose when paid (Section 43B items)	6.80	26.12
	Net Deferred Tax Assets / (Liability)	(343.50)	(340.12)

viii) **Disclosure pursuant to Accounting Standard 15 - "Employee Benefits"**
Disclosure of Defined Benefit Gratuity Plan

		Current Year	Previous Year	
1) Changes in Present value of Obligation:				
Present Value of Obligations as at the beginning of the year		171.17	142.03	
Interest Cost		11.05	9.10	
Current Service Cost		19.27	12.02	
Benefits Paid		(15.87)	(10.90)	
Actuarial (gain) / Loss on obligations		8.70	18.92	
Present Value of Obligations as at the end of the year		194.32	171.17	
2) Changes in fair Value of Plan assets:				
Fair Value of Plan assets at the beginning of the year		192.07	154.51	
Expected return on plan assets		13.21	12.44	
Contributions		22.92	36.98	
Benefits Paid		(15.87)	(10.90)	
Actuarial Gain / (Loss) On Plan assets		(0.24)	(0.97)	
Fair Value of Plan assets at the end of the year		212.08	192.07	
3) The amount to be recognized in the Balance sheet:				
Present Value of Obligations as at the end of year		0.00	0.00	
Fair Value of Plan assets at the end of the year		0.00	0.00	
Net assets / (Liability) recognised in Balance sheet		0.00	0.00	
4) Actuarial Gain / Loss recognized:				
Actuarial (Gain) / Loss on Obligations		8.70	18.92	
Actuarial (Gain) / Loss for the year on plan assets		(0.24)	0.97	
Actuarial (Gain) / Loss recognized in the year		8.46	19.89	
5) Expenses recognized in Statement of Profit and Loss:				
Current Service cost		19.27	12.02	
Interest Cost		11.05	9.10	
Expected return on plan assets		(13.21)	(12.44)	
Net actuarial (Gain) / Loss recognized in the year		8.94	19.89	
Expenses recognized in Statement of Profit and Loss		26.05	28.56	
6) Assumption:				
Discount Rate	7.11%	6.77%	6.66%	7.65%
Salary Escalation	5.00%	5.00%	5.00%	5.00%
	31-Mar-22	31-Mar-21	31-Mar-20	31-Mar-19
Present Value of Obligations	194.32	171.17	142.03	117.26
Fair Value of Plan Assets	212.08	192.07	154.51	155.16
Surplus / (Deficit) in the plan	17.76	20.89	12.48	37.90
Experience Adjustment - Obligations	8.70	18.92	17.50	14.66
Experience Adjustment - Plan Assets	(0.24)	(0.97)	0.14	(0.26)

Total amount of defined contribution plan during the year

Current Year
139.67

Previous Year
124.55

	<u>Current Year</u>	<u>Previous Year</u>
(ix) Outstanding to Micro, Small and Medium Enterprises (MSME) at the close of the year	13.07	88.10
Interest amounts paid, accrued or payable under the said act at the close of the year	Nil	Nil

The above disclosure is based on the information available with the Company regarding the status of the suppliers under the MSME Development Act.

	<u>Current Year</u>	<u>Previous Year</u>
(x) Particulars		
Expenditure in Foreign Currency		
Dividends to a Foreign Shareholder		
Current year	-	-
Last year	-	-
Other Expenses	14.01	46.70
(xi) Earnings in Foreign Exchange	-	-
Export Sales	1,603.45	1,838.79
Job work receipts	13.95	43.00
(xii) C. I. F. Value of Imports	-	-
Raw Materials	1,173.16	602.79
Traded Goods	513.02	477.65
Capital Goods	-	-
Consumables, Stores and Spare parts	76.54	76.69

xiii) **Value of Imported / Indigenous Raw Material, Consumables, Stores and Spare parts**

Description	Current Year		Previous Year	
	Value Rs.	% of Total Value	Value Rs.	% of Total Value
Raw Materials				
Imported	1,173	10.04%	-	0.00%
Indigenous	10,512	89.96%	6,097	100.00%
Total	11,685	100.00%	6,097	100.00%
Consumables, Stores and Spare parts				
Imported	77	14.86%	-	0.00%
Indigenous	439	85.14%	393	100.00%
Total	515	100.00%	393	100.00%

xiv) The impact assessment of Covid-19 is a continuing process given the uncertainties associated with its nature and duration. However, the management has estimated future cash flows for the Company and it believes that there is no impact on its ability to continue as a going concern and meeting its liabilities as and when they fall due.

(xv) **Note on Debtors**

The aging schedule is prepared by the company based on the transaction date as per the MIS of the company.

Trade Receivables ageing schedule as at 31st March,2022

(Rs. in Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	4,363.73	99.38	71.01	65.75	124.38	4,724.25
(i) Undisputed Trade receivables - considered doubtful						-
(iii) Disputed trade receivables considered good					24.72	24.72
(iv) Disputed trade receivables considered doubtful		6.85	19.68	1.04	3.25	30.82

Trade Receivables ageing schedule as at 31st March,2021

(Rs. in Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	3,584.93	182.97	122.69	62.34	106.17	4,059.10
(i) Undisputed Trade receivables - considered doubtful						-
(iii) Disputed trade receivables considered good					35.43	35.43
(iv) Disputed trade receivables considered doubtful					11.54	11.54

Sr. No.	Party Name	Amount	Remarks
1	CONCAST STEEL & POWER LIMITED	1,40,611	The company is under liquidation and liquidation proceedings are in progress. Company is of view that they will receive 100%, from NCLT
2	LIGNITE POWER PRIVATE LIMITED	1,56,424	Claim before NCLT dt. 06, July 2020
3	ENESTEE	95,104	Claim before NCLT dt. 08, October 2020
4	HNGIL	42,91,191	Claim before NCLT dt. 16, November 2021
5	The company has initiated legal action against the following parties for recovery of the outstanding amount. The Management is of the opinion that the following amount is recoverable.		
	Sr. No.	Amount	Party Name
	a	1,21,650	ACCURATES (INDIA),LUDHIANA
	b	8,60,484	FUSION TECH(STK)
	c	84,708	MAA INDUSTRIAL SERVICES,SONEBHADRA
d	1,99,268	MANGALAM TIMBER PRODUCTS LTD	
6	The company has filed cases U/S 138 of The Negotiable Instrument Act. The matter is pending before JMFC, Nagpur. The company will recover entire amount.		
	Sr. No.	Amount	Party Name
	a	88,236	ANTIWEAR SOLUTIONS,(STOCKIST)
	b	15,40,656	PIONEER INDUSTRIAL MILL STORES,(STK)
	c	1,77,219	RUV INDUSTRIAL PRODUCTS PVT LTD.,NAGPUR
	d	4,54,775	TSS GLOBAL PVT LTD.,(DISTRIBUTOR)
	e	708	FUSION TECH(STK)
f	14,935	MAA INDUSTRIAL SERVICES,SONEBHADRA	

xvi) **Trade Payables ageing schedule: As at 31st March,2022**

The aging schedule is prepared by the company based on the transaction date as per the MIS of the company.

Particulars	Outstanding for following periods from due date of payment				(Rs. in Lakhs)
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	7.46	-	-	-	7.46
(ii) Others	2,497.68	168.36	47.48	46.79	2,760.32
(iii) Disputed dues-MSME	5.61				5.61
(iv) Disputed dues - Others					-

Trade Payables ageing schedule: As at 31st March,2021

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	69.15	-	-	-	69.15
(ii) Others	1,634.35	58.47	44.17	2.93	1,739.92
(iii) Disputed dues-MSME	18.96				18.96
(iv) Disputed dues - Others					-

xvii) **Ratio Analysis**

Sr No	Ratio Analysis	Numerator	Denominator	31-Mar-22	31-Mar-21	% Variance	Remarks
1	Current Ratio	Current Assets	Current Liabilities	1.69	1.95	-13.44%	
2	Debt Equity Ratio	Total Liabilities	Shareholder's Equity	0.55	0.47	15.72%	
3	Debt Service Coverage Ratio	Net Operating Income (EBDITA)	Finance Expenses	18.93	11.09	70.61%	Reduction in Debt
4	Return on Equity Ratio	Profit After Tax	Avg. Shareholders Equity	13.42%	11.08%	21.15%	
5	Inventory Turnover Ratio	Cost of Goods sold	Average Inventory	4.03	3.35	20.01%	
6	Trade Receivables Turnover Ratio	Net Credit Sales	Average Trade Receivables	4.41	4.07	8.14%	
7	Trade Payables Turnover Ratio	Total Purchases	Average Trade Payables	5.30	7.79	-31.93%	Substantial Increase in purchases as compared to creditors
8	Net Capital Turnover Ratio	Net Sales	Average Working Capital	5.02	4.50	11.68%	
9	Net Profit Ratio	Profit After Tax	Net Sales	7.66%	6.79%	12.80%	
10	Return on Capital employed	EBIT	Capital Employed	17.16%	15.13%	13.47%	
11	Return on Investment	Profit After Tax	Investment (Share Capital + Reserves) Last Year	14.29%	11.94%	19.67%	

xviii) **CORPORATE SOCIAL RESPONSIBILITY**

PARTICULARS	AS At Mar 31, 2022	AS At March 31, 2021
Amount required to be spent by the company during the year	26.93	23.70
Amount of expenditure incurred	33.34	23.73
Shortfall at the end of the year	0.00	0.00
Total of previous years shortfall	0.00	0.00

Note : Excess amount Rs. 6.41 Lakhs will be carried forward to next year

xix) Board of Directors proposes 20% Final Dividend on Equity shares subject to approval in AGM

xx) Quarterly returns or statements of current assets filed by the company with banks or financial institutions are generally in agreement with the books of accounts and there are no major discrepancies.

xxi) No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

No funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

xxii) Previous Years Figures are re-grouped and re-arranged wherever necessary.

As per our report of even date
For P. R. Bhuta & Co.
Chartered Accountants

PANKAJ RASIKLA L BHUTA
 Digitally signed by PANKAJ RASIKLA BHUTA
 Date: 2022.09.21 19:42:17 +05'30'

PANKAJ BHUTA
 Proprietor
 Membership Number: 31820
 Place : Mumbai
 UDIN : 22031820ATRLKA2793
 Date : 21-09-2022

For and on behalf of the Board of Directors of
Diffusion Engineers Limited

PRASHANT GARG
 Digitally signed by PRASHANT GARG
 DN: cn=PRASHANT GARG, o=DIFFUSION ENGINEERS LIMITED, ou=DIFFUSION ENGINEERS LIMITED, email=prashant.garg@diffusionengineers.com, c=IN

PRASHANT N. GARG
 Chairman & Managing Director
 DIN :- 00049106
 Place : Nagpur

Date : 21-09-2022

AJAY MOTILAL JAIN
 Digitally signed by AJAY MOTILAL JAIN
 DN: cn=AJAY MOTILAL JAIN, o=DIFFUSION ENGINEERS LIMITED, ou=DIFFUSION ENGINEERS LIMITED, email=ajay.motilal.jain@diffusionengineers.com, c=IN

AJAY JAIN
 Director
 DIN :- 02815416
 Place : Nagpur

Date : 21-09-2022

SEGMENT REPORTING UNDER ACCOUNTING STANDARD (AS) 17
Business Segment

(in Rs. Lakhs)

Particulars	Manufactured Products		Trading Products		Job Works		Eliminations / Unallocated		Consolidated Total	
	₹		₹		₹		₹		₹	
	2021-2022	2020-2021	2021-2022	2020-2021	2021-2022	2020-2021	2021-2022	2020-2021	2021-2022	2020-2021
a) Revenues										
<u>External Sales (Net of excise duty)</u>										
Local	14,987.15	11,242.22	1,325.86	863.08	1,491.50	1,057.71	-	-	17,804.51	13,163.00
Export	1,573.70	1,810.72	29.74	28.08	13.95	43.00			1,617.40	1,881.80
<u>Inter-Segment</u>	-	-					-	-	-	-
Total Revenue	16,560.86	13,052.94	1,355.61	891.15	1,505.45	1,100.71	-	-	19,421.91	15,044.80
Identifiable Operating Expenses	0.12	9,151.37	0.01	651.02	0.01	625.34	-	-	0.14	10,427.72
b) Segment results before interest & tax	16,560.74	3,901.57	1,355.60	240.14	1,505.44	475.37	-	-	19,421.77	4,617.08
c) Interest & Other Income									495.94	361.47
d) Unallocated expenses									17,901.14	3,435.21
e) Profit before tax									2,016.57	1,543.33
f) Tax Expense									484.39	473.83
g) Net Profit after tax									1,532.18	1,069.50
h) Segment assets	5,803.64	5,662.32	390.79	466.54	213.45	156.94	11,898.96	9,060.86	18,306.84	15,346.66
i) Segment liabilities	(122.55)	1,659.91	1	1.77	122.02	655.17	18,306.84	13,029.83	18,306.84	15,346.66
j) Capital Expenditure							0.00	0.00	0.00	0.00
k) Depreciation and amortisation	0.00	207.82	-	-	0.00	17.52	0.00	148.65	0.00	374.00
l) Other Significant Non Cash Expenses							12,890.00	109.16	12,890.00	109.16

Notes:

a) The Company has disclosed business segment as the primary segment.

b) Types of Products and Services in each business segment:

Business Segment	Types of Products and Services
Manufactured Products	Welding Electrodes, Flux Cord Wires, SOP, Diffcor, Wear Plates, etc.
Trading Products	TIG, MIG, Filler Wires, Thermal Spray Powders, Welding Equipments, etc.
Job Works	Service Welding & Reconditioning Jobs.

c) The segment Revenues, Expenses, Assets and Liabilities are allocated by the management to the extent directly identifiable to each segment on a reasonable basis.