

DIRECTORS REPORT

Dear Members,

Your Directors are pleased to present the 09th Annual Report together with the audited financial statement for the financial year ended 31st March, 2021.

1. Financial Highlights

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

(In Rupees)

Particulars	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Turnover	27,78,823	19,09,798
Profit/(Loss) before taxation	3,17,446	1,48,506
Less: Tax Expense	82,536	27,769
Profit/(Loss) after tax	2,34,910	1,20,737
Add: Balance B/F from the previous year	3,98,730	2,77,996
Balance Profit / (Loss) C/F to the next year	6,33,640	3,98,733

2. REVIEW OF BUSINESS OPERATIONS

The Financial Year 2020 - 2021 has ended with the company earned profit of Rs. 2,34,910/- as against profit of Rs.1,20,737/- in the financial year 2019 - 2020.

3. DIVIDEND

Your director's has not recommended any dividend on equity shares for the year under review.

4. AMOUNTS TRANSFERRED TO RESERVES

The Board of the Company does not wish to transfer any amount to general reserves.

DIFFUSION HERNON ADHESIVE & SEALANT PVT. LTD.

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CIN No. : U24297MH2012PTC234063

5. NUMBER OF BOARD MEETINGS & ATTENDANCE

Four meetings were held during the Financial Year 2020 - 2021, 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	25.07.2020	2	2	100
2	28.09.2020	2	2	100
3	23.12.2020	2	2	100
4	20.03.2021	2	2	100

6. CORPORATE GOVERNANCE

The company has been following best Corporate Governance practices, the management strives to protect the interest of all stakeholders in most transparent and fair manner.

7. EXTRACT OF ANNUAL RETURN

Since the Company doesn't have its website, we have not uploaded the 'Extract of Annual Return'.

8. HOLDING / SUBSIDIARY COMPANY

The Company is a subsidiary company of M/s. Diffusion Engineers Limited (CIN-U99999MH2000PLC124154)

9. PARTICULARS OF LOAN, GUARANTEES AND INVESTMENTS UNDER SECTION 186

There were no transaction related to loans, guarantees and investments under Section 186 of Companies Act, 2013

10. RELATED PARTY TRANSACTION

All related party transactions entered into during FY 2020 - 2021 were on an arm's length basis and in the ordinary course of business.

11. AUDITORS

At the AGM held on 14th September 2019, M/s. P. N. Gupta, Chartered Accountants (Membership No. 44161) were appointed as Statutory Auditors of the Company for a period of five consecutive years. As per the provisions of Section 139 of the Act, they have confirmed that they are not disqualified from continuing as Auditors of the Company.

12. DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

Company has formed the committee in compliance with the guidelines, there are no cases reported during the year under review.

13. DIRECTORS RESPONSIBILITY STATEMENT

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

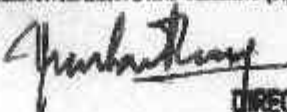
- a) in the preparation of the annual accounts for the financial year ended 31stMarch, 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and 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 31stMarch, 2021 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.

14. 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 HERNON Adhesive & Sealants Private Limited

DIFFUSION HERNON ADHESIVE AND SEALANT (P.) LTD.


DIRECTOR

Place : Nagpur
Date : 07/09/2021

Prashant Garg
(DIN -00049106)
(Director)
3, Pawanbhoomi,
Somalwada, Wardha Road,
Nagpur - 440 025



P.N. GUPTA
CHARTERED ACCOUNTANT

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RESIDENCE
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INDEPENDENT AUDITOR'S REPORT

To,
The Members of Diffusion Herson Adhesive & Sealants Pvt Ltd.

We have audited the accompanying financial statements of Diffusion **Herson Adhesive & Sealants Pvt Ltd.**, which comprise the Balance Sheet as at 31st March, 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 a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone Ind AS 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 Accounting Standards 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 judgements and estimates that are reasonable and prudent; and 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers





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internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by 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 31st March, 2021, and its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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 Companies Act, 2013, we give in the "Annexure A", statement on the matters specified in the paragraphs 3 and 4 of the Order to the extent applicable.

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 purpose 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, with read with the Companies (Indian Accounting Standards) Rules, 2015 as amended
- e. On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.





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- f. 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, 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 standalone Ind As financial statements - Refer disclosure note B to the financial statements.
- ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For CA P. N. Gupta

Chartered Accountant

P. N. Gupta

(Proprietor)

Place: Nagpur



Date : 07/09/2021

**Unique Document Identification Number (UDIN) for this document
is 21044161AAAAFU1000**



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"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT

The annexure referred to in our independent auditor's report to the members of, **DIFFUSION HERNON ADHESIVE & SEALANTS PVT. LTD** on the Financial Statements for the year ended 31st March 2021, we report that:

- i. In respect of Fixed Assets:
 - a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets except location wise details of some of the moveable assets shifted/transferred amongst various sites;
 - b) The fixed assets have been physically verified by the management during the year under its regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.
 - c) According to the information and explanation given to us by the management, the title deeds of immovable properties are held in the name of the company.
- ii. Physical verification of inventory has been conducted at reasonable intervals by the management. In our opinion, the procedures of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business and no material discrepancies were noticed on such physical verification.
- iii. In respect of Loans and Advances:
 - a) The company has not granted any unsecured loans to company covered in the register maintained under section 189 of the Companies Act, 2013.
 - b) The rate of interest wherever charged, and other terms & conditions thereof are prima facie, not prejudicial to the interest of the company except for one loan granted to a subsidiary, on account of the fact that loan is non-interest bearing.
 - c) There is no overdue amount for more than ninety days.
- iv. According to the information and explanation given to us, the company has complied with the provision of section 185 and 186 of the Companies Act, 2013 in respect of loans, guarantees, investments and securities.
- v. The Company has not accepted any deposits from public within the meaning of sections 73 to 76 or any other relevant provision of the Companies Act and the rules framed there under, where applicable. Therefore the said clause is not applicable to the Company.

The Central Government has prescribed maintenance of cost records under sub section (1) of section 148 of the Companies Act 2013 in respect of one of the products, manufactured by the company. We have broadly reviewed the accounts and records of the company and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the accounts and records with a view to determine whether these are accurate or complete.





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vi. In respect of statutory dues:

- a) According to the information and explanations given to us and in our opinion, the Company has no undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, GST, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and any other statutory dues, as applicable, with the appropriate authorities and hence, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at March 31, 2021 for a period of more than six months.
- b) According to the information and explanations given to us and the records of the company examined by us, there are no outstanding dues of Income Tax, Sales Tax, GST, Custom Duty, Excise Duty, Service Tax or Value Added Tax that have not been deposited on account of any disputes.
- (viii) According to the records of the company examined by us and information and explanations given to us, in our opinion the Company has not defaulted in repayment of loans and borrowings to any financial institutions, banks, Government during the year. The Company has not issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, no term loans have been obtained. The company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) During the course of our examination of books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of fraud by the company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the management.
- (xi) According to the information and explanations given to us and based on our examination of the records of the company, the company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) In our opinion and according to the information and explanations given to us, the company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the company, the transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Financial Statements, as required by the applicable accounting standards.





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- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For CA P N GUPTA
Chartered Accountants

CA P N GUPTA
Proprietor
Membership No.044161
UDIN: 21044161AAAAFU1000

Place : Nagpur
Date : 07/09/2021





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**"ANNEXURE B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE
STANDALONE FINANCIAL STATEMENTS OF M/s DIFFUSION HERNON ADHESIVE &
SEALANTS PVT. LTD**

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

Opinion

We have audited the internal financial controls over financial reporting of **DIFFUSION HERNON ADHESIVE & SEALANTS PVT. LTD** as on March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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. 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.





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Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting 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 control over financial reporting 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 over Financial Reporting

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

For CA P N GUPTA
Chartered Accountants

CA P N GUPTA
Proprietor
Membership No:044161
UDIN:21044161AAAAFU1000

Place : Nagpur
Date : 07/09/2021



DIFFUSION HERNON ADHESIVE & SEALANT PVT. LTD.
BALANCE SHEET AS AT 31ST MARCH, 2021

Particulars	Note No.	As at	
		31.03.2021	31.03.2020
		In Rs.	
I. EQUITY AND LIABILITIES.			
1) Shareholders Funds			
a) Share Capital	2	10,00,000	10,00,000
b) Reserve & Surplus	3	6,33,640	3,98,737
c) Money Received against Share Warrants		-	-
		<u>16,33,640</u>	<u>13,98,737</u>
2) Share Application Money Pending Allotment			
3) Non Current Liabilities			
a) Long Term Borrowings		-	-
b) Deferred Tax Liabilities (Net)	4	29,169	27,984
c) Other Long Term Liabilities		-	-
d) Long Term Provisions		-	-
		<u>29,169</u>	<u>27,984</u>
4) Current Liabilities			
a) Short Term Borrowings	5	-	1,34,105
b) Trade Payables	6	26,13,947	23,62,269
c) Other Current Liabilities	7	2,60,209	3,10,209
d) Short Term Provisions	8	8,000	-
		<u>28,82,156</u>	<u>1,32,849</u>
Total		<u><u>45,44,965</u></u>	<u><u>43,66,153</u></u>
II. ASSETS			
1) Non Current Assets			
a) Fixed Assets			
i) Tangible Assets	9	1,86,404	2,05,689
ii) Intangible Assets		-	-
iii) Capital Work in Progress		-	-
iv) Intangible Assets under Development		-	-
		<u>1,86,404</u>	<u>2,05,689</u>
b) Non Current Investments		-	-
c) Deferred Tax Assets (Net)		-	-
d) Long Term Loans & Advances		-	-
e) Other Non Current Assets		-	-
2) Current Assets			
a) Current Investments		-	-
b) Inventories	10	30,60,960	30,04,650
c) Trade Receivables	11	2,67,134	6,83,592
d) Cash and Cash Equivalents	12	5,27,650	1,15,362
e) Short Term Loans and Advances	13	3,78,038	1,90,488
f) Other Current Assets	14	1,24,778	-
		<u>43,58,561</u>	<u>1,66,370</u>
Total		<u><u>45,44,965</u></u>	<u><u>43,66,153</u></u>
Significant Accounting Policies	1	0	0
Other Notes on Accounts	20		

For and on behalf of Board of Directors

PRASHANT GARG
DIRECTOR

Place: Nagpur

Date: 07/09/2021

NEELU P. GARG
DIRECTOR

As per our Report of even date attached.

For P. N. GUPTA
CHARTERED ACCOUNTANTS

P. N. GUPTA
PROPRIETOR

M. No. 44161



DIFFUSION HERNON ADHESIVE & SEALANT PVT. LTD.
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2021

Particulars	Note No.	Year ended	Year ended
		31.03.2021	31.03.2020
		In Rs.	In Rs.
1 Revenue from Operations (Gross)	15	27,78,823	19,09,798
Less: Excise Duty/Service Tax Recovered on Sales			
Revenue from Operations (Net)		<u>27,78,823</u>	<u>19,09,798</u>
2 Other Income	16	4,800	1,07,277
3 Total Revenue (1+2)		<u>27,83,623</u>	<u>20,17,075</u>
4 Expenses			
Cost of Material Consumed	17	22,05,531	13,31,368
Purchase of Stock in Trade		-	-
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade		-	-
Employee Benefits Expense		-	-
Finance Costs		-	-
Depreciation and Amortization Expense	9	19,285	19,285
Other Expenses	18	2,41,362	5,17,917
Total Expenses		<u>24,66,178</u>	<u>18,68,570</u>
5 Profit/(Loss) before Tax (3-4)		3,17,446	1,48,505
6 Tax Expense			
Current Tax		81,351	25,486
Less: MAT Credit		-	-
Deferred Tax Liability / (Credit)		1,185	2,279
		<u>82,536</u>	<u>27,765</u>
7 Profit/(Loss) for the year (5 - 6)		2,34,910	1,20,740
8 Earnings Per Share (Rs.)			
a) Basic	19	2.35	1.21
b) Diluted		2.35	1.21
Significant Accounting Policies	1		
Other Notes on Accounts	20		

For and on behalf of Board of Directors

As per our Report of even date attached.


 PRASHANT GARG
 DIRECTOR


 NEELU P. GARG
 DIRECTOR

For P. N. GUPTA
 CHARTERED ACCOUNTANTS

P. N. GUPTA
 PROPRIETOR
 M. No. 44161



Place: Nagpur
 Date: 07/09/2021



DIFFUSION HERNON ADHESIVE AND SEALANTS PVT LTD

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH 2021

PARTICULARS	AS At March 31, 2021		AS At March 31, 2020	
	₹	₹	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before tax		3,17,446		1,48,506
Adjustments for :				
Bad Debts Written off		-		-
Write Back		19,285		19,285
Depreciation		-		-
Dividend on Investments		-		-
Interest and Finance Charges		-		(1,02,373)
Interest Income		-		-
Loss / (Surplus) on Sale of Fixed Assets / Investments (Net)		-		-
Inter Company Stock Reserve		-		-
CSR		-		-
Operating Profit before Working Capital changes		3,36,731		65,418
Adjustment for :				
Inventories		(56,310)		5,31,156
Trade Receivables		4,16,458		(39,447)
Current Liabilities		(50,000)		(8,000)
Short Term Loans & Advances		(1,87,550)		8,49,581
Short Term Provisions		(1,24,849)		33,486
Other Current Assets		41,591		41,591
Trade Payables		2,51,678		(17,87,635)
		-		-
Cash generated from Operations		6,27,749		(3,13,850)
Direct Taxes Paid		(81,351)		(25,486)
Net Cash Flow from Operating Activities (A)		5,46,398		(3,39,336)
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Inflow / (Outflow) on account of :				
Dividend on Investments		-		-
Profit/(loss) on sale of Investments		-		1,02,373
Interest Income		-		-
(Purchases) / Sales of Fixed Assets (Net)		-		-
(Purchases) Capital W.L.P		-		-
(Purchases) / Sales of Investments (Net)		-		-
Net Cash Flow from Investing Activities (B)				1,02,373
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds / (Repayment) from/of Secured Loans		(1,34,105)		1,34,105
Interest and Finance Charges		-		-
Dividend paid (including tax on dividend)		-		-
Net Cash Flow from Financing Activities (C)		(1,34,105)		1,34,105
D. FOREIGN EXCHANGE TRANSLATION RESERVE				
Net Increase / (Decrease) in Cash and Cash Equivalents [A+B+C+D]		4,12,293		(1,02,858)
Cash and Cash Equivalents as at the beginning of the year	1,15,362		2,18,220	
Cash and Cash Equivalents as at the end of the year	5,27,655		1,15,362	
		4,12,293		(1,02,858)

As per our report of even date
For CA P.N. GUPTA
Chartered Accountant

P.N. Gupta

Proprietor P.N GUPTA
Membership Number: 044161
Place : Nagpur
Date : 07/09/2021



For and on behalf of the Board of Directors of
DIFFUSION HERNON ADHESIVE AND SEALANTS PVT LTD

Prashant Garg
PRASHANT GARG
Director

Place : Nagpur
Date : 07/09/2021

Neelup Garg
NEELUP. GARG
Director

DIFFUSION HERNON ADHESIVED & SEALANTS PVT. LTD.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE 1

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES :

(i) Basis of Preparation of Financial Statements

The Financial Statements are prepared under the historic cost convention in accordance with generally accepted accounting principles in India and the provisions of the Companies Act, 2013 (to the extent notified) and Companies Act, 1956 (to the extent applicable).

(ii) Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

(iii) Revenue Recognition :

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 Goods and 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 on accrual basis.

(iv) Fixed Assets and Depreciation

a) Fixed assets are stated at cost of acquisition or construction less accumulated depreciation.

b) Depreciation on tangible fixed assets is provided on Straight Line Method over the Life specified in the Schedule II to the Companies Act, 2013.

(v) Inventories

Raw materials, Consumables, Stores and Spare parts are valued at lower of cost and net realizable value. The cost is computed on FIFO basis.



DIFFUSION HERNON ADHESIVE & SEALANT PVT. LTD.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE 2
SHARE CAPITAL

PARTICULARS		As at 31.03.2021	As at 31.03.2020
Authorised	5,00,000 (5,00,000) Equity Shares of Rs.10/- each.	50,00,000	50,00,000
		<u>50,00,000</u>	<u>50,00,000</u>
Issued, Subscribed and Paid up	1,00,000 (10,000) Equity Shares of Rs.10/- each, fully	10,00,000	10,00,000
	TOTAL	<u>10,00,000</u>	<u>10,00,000</u>

2.01 Reconciliation of the number of Equity Shares outstanding at beginning and at the end of the year

PARTICULARS	As at 31.03.2021		As at 31.03.2020	
	No. of Share	Amount In Rs.	No. of Shares	Amount In Rs.
Shares outstanding at the beginning of the year	1,00,000	10,00,000	1,00,000	10,00,000
Add: Equity Shares issued during the year on	-	-	-	-
Shares outstanding at the end of the year	<u>1,00,000</u>	<u>10,00,000</u>	<u>1,00,000</u>	<u>10,00,000</u>

2.02 Details of Shareholders holding more than 5% shares

Name of Shareholder	As at 31.03.2021		As at 31.03.2020	
	No of Share held	Percentage to Capital	No of Shares held	Percentage to Capital
i Diffusion Engineers Ltd	95000	95.00%	95000	95.00%

2.03 Rights of Equity Shareholders

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

NOTE 3
RESERVES AND SURPLUS

PARTICULARS	As at 31.03.2021	As at 31.03.2020
Balance as per last Balance Sheet	3,98,730	-2,77,996
Add: Profit/ (Loss) for the year	2,34,910	1,20,741
Add: transfer to general reserve	-	-
	<u>6,33,640</u>	<u>3,98,737</u>
TOTAL	<u>6,33,640</u>	<u>3,98,737</u>



NOTE 4

DEFERRED TAX LIABILITIES/ ASSETS (NET)

PARTICULARS	As at	As at
	31.03.2021	31.03.2020
	In Rs.	In Rs.
A. Deferred Tax Liabilities		
Related to Fixed Assets	29,169	27,984
	<u>29,169</u>	<u>27,984</u>
Net Deferred Tax Liability	<u><u>29,169</u></u>	<u><u>27,984</u></u>

NOTE 5

SHORT TERM BORROWINGS

PARTICULARS	As at	As at
	31.03.2021	31.03.2020
	In Rs.	In Rs.
Syndicate Bank Overdraft	-	1,34,105
TOTAL	<u><u>-</u></u>	<u><u>1,34,105</u></u>

NOTE 6

TRADE PAYABLES

PARTICULARS	As at	
	31.03.2021	31.03.2020
	In Rs.	In Rs.
Trade Payables - Micro, Small and Medium Enterprises	9,697	
- Others * payable to related party	26,04,250	23,62,269
TOTAL	<u><u>26,13,947</u></u>	<u><u>23,62,269</u></u>

NOTE 7

OTHER CURRENT LIABILITIES

PARTICULARS	As at	
	31.03.2021	31.03.2020
	In Rs.	In Rs.
Other Payables		
Advance from customers		306772
Trade / security deposits received	2,56,772	3,437
Statutory Liabilities		
Others*	3,437	
TOTAL	<u><u>2,60,209</u></u>	<u><u>3,10,209</u></u>

* Mainly includes Provision for Expenses

NOTE 8

SHORT TERM PROVISIONS

PARTICULARS	As at	
	31.03.2021	31.03.2020
	In Rs.	In Rs.
Provision for Income Tax	-	99,363
Audit Fees Payable	8,000	8,000
Current Tax	-	25,486
TOTAL	<u><u>8,000</u></u>	<u><u>1,32,849</u></u>



NOTE 10
INVENTORIES

PARTICULARS	As at	As at
	31.03.2021	31.03.2020
	In Rs.	In Rs.
Raw Materials & Consumables	30,60,960	30,04,650
TOTAL	30,60,960	30,04,650

NOTE 11
TRADE RECEIVABLES
(Unsecured, considered good and subject to confirmation)

PARTICULARS	As at	As at
	31.03.2021	31.03.2020
	In Rs.	In Rs.
Other Receivables - considered good	2,67,134	6,83,592
TOTAL	2,67,134	6,83,592

NOTE 12
CASH AND BANK BALANCES

PARTICULARS	As at	As at
	31.03.2021	31.03.2020
	In Rs.	In Rs.
Cash and Cash Equivalents		
Balances with Banks:		
In Current Accounts	4,27,650	15,362
Cash on hand	1,00,000	1,00,000
	5,27,650	1,15,362
TOTAL	5,27,650	1,15,362

NOTE 13
SHORT TERM LOANS AND ADVANCES
(Unsecured, Considered Good)

PARTICULARS	As at	As at
	31.03.2021	31.03.2020
	In Rs.	In Rs.
Loans and Advances to Others		
Deposit with sales tax department	25,000	25,000
Balance with other statutory department	-	-
Advance Tax	1,92,296	73,010
Gst Receivable	1,23,242	54,978
Deposits - Rent	37,500	37,500
TOTAL	3,78,038	1,90,488



NOTE 14

OTHER CURRENT ASSETS

PARTICULARS	As at	As at
	31.03.2021	31.03.2020
	In Rs.	In Rs.
Preliminary Expenses	1,24,778	1,66,370
TOTAL	<u>1,24,778</u>	<u>1,66,370</u>

NOTE 15

REVENUE FROM OPERATIONS

PARTICULARS	As at	As at
	31.03.2021	31.03.2020
	In Rs.	In Rs.
Sale of Products	27,78,823	19,09,798
TOTAL	<u>27,78,823</u>	<u>19,09,798</u>

NOTE 16

OTHER INCOME

PARTICULARS	As at	As at
	31.03.2021	31.03.2020
	In Rs.	In Rs.
Freight charges	4,800	4,904
Short & Excess	-	-
Interest Income	-	1,02,373
TOTAL	<u>4,800</u>	<u>1,07,277</u>

NOTE 17

COST OF MATERIALS CONSUMED

PARTICULARS	As at	As at
	31.03.2021	31.03.2020
	In Rs.	In Rs.
Materials Consumed		
Opening Stock of Raw Materials & Consumables	30,04,650	35,35,806
Add : Purchases	22,61,841	8,00,212
	<u>52,66,491</u>	<u>43,36,018</u>
Less : Closing Stock of Raw Materials & Consumables	30,60,960	30,04,650
MATERIAL CONSUMED	<u>22,05,531</u>	<u>13,31,368</u>



NOTE 18
OTHER EXPENSES

PARTICULARS		As at 31.03.2021 In Rs.	As at 31.03.2020 In Rs.
A.	DIRECT EXPENSES		
	Custom Duty		34,312
B.	ADMINISTRATIVE EXPENSES		
	Rent Paid	1,62,000	1,56,000
	Legal and Professional Charges	26,800	31,065
	Professional Tax	2,500	2,500
	Audit Fees	7,000	7,500
	Income Tax paid	920	-
	Import Expenses	-	83,494
	Job Work Expenses	-	1,55,796
	Social Welfare Surcharges	-	3,431
	Preliminary Expenses W/off	41,592	41,592
	Write Off	84	62
		<u>2,40,896</u>	<u>5,15,753</u>
C.	OTHER EXPENSES		
	Bank Charges	466	2,164
		<u>466</u>	<u>2,164</u>
	TOTAL	<u>2,41,362</u>	<u>5,17,917</u>

18.01 Break-up of Payments to Auditors

PARTICULARS		As at 31.03.2021 In Rs.	As at 31.03.2020 In Rs.
	- Audit Fees	7,500	7,500
	TOTAL	<u>7,500</u>	<u>7,500</u>

NOTE 19
EARNINGS PER SHARE

PARTICULARS		As at 31.03.2021 In Rs.	As at 31.03.2020 In Rs.
	Net Profit/(Loss) after tax	2,34,910	1,20,740
	Less : Preference Dividend	-	-
	Amount available for Equity Shareholders (A)	<u>2,34,910</u>	<u>1,20,740</u>
	Weighted average number of equity shares (Nos.) (B)	1,00,000	1,00,000
	Diluted Weighted average number of equity shares (Nos.) (C)	1,00,000	1,00,000
	Basic Earnings Per Share of face value of Rs.10/- each (A) / (B)	2.35	1.21
	Diluted Earnings Per Share of face value of Rs.10/- each (A) / (C)	2.35	1.21



DIFFUSION HERNON ADHESIVED & SEALANTS PVT. LTD.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE 9
FIXED ASSETS

(Rs.in lacs)

Particulars	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK		
	As at 01.04.2020	Additions Deduction/ Adjustment	As at 31.03.2021	Upto 31.03.2020	For the Year	Deduction/ Adjustment	Upto 31.03.2021	As at 31.03.21	As at 31.03.2020
a) Tangible Assets									
Owned									
Plant & Equipment	3,04,500	-	3,04,500	98,811	19,285	-	1,18,096	1,86,404	2,05,689
Furniture & Fixtures	-	-	-	-	-	-	-	-	-
Sub-total	3,04,500	-	3,04,500	98,811	19,285	-	1,18,096	1,86,404	2,05,689
b) Intangible Assets :									
Softwares	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-
Total	3,04,500	-	3,04,500	98,811	19,285	-	1,18,096	1,86,404	2,05,689
Previous Year	3,04,500		3,04,500	79,526	19,285		79,526	205689	-



DIFFUSION HERNON ADHESIVED & SEALANTS PVT. LTD.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE 20 Related Party Disclosures :

A. List of Related Parties :
 (As certified by the Company)

I. Holding Company
 Diffusion Engineering Ltd

B. Transactions with Related Parties :


Nature of transaction	(In Rs.)	
	Holding Company	Total
Trade Payable as on 31.03.2021 Diffusion Engineering Ltd	26,04,250 (23,52,571)	26,04,250 (23,52,571)
Rent Deposit as on 31.03.2021 Diffusion Engineering Ltd	37,500 (37,500)	37,500 (37,500)
Purchase Diffusion Engineering Ltd	26,68,029 (7,01,529)	26,68,029 (7,01,529)
Expenditure Rent Paid Diffusion Engineering Ltd	1,91,160 (1,84,080)	1,91,160 (1,84,080)


NOTE 20.1 Figure in brackets represent Previous Year Figures

NOTE 21 Previous Year's figures have been reworked / regrouped / rearranged / reclassified wherever necessary to make them comparable with the current year.

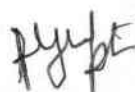
For and on behalf of Board of Directors

As per our Report of even date attached.


PRASHANT GARG
 DIRECTOR
 Place: Nagpur
 Date: 07/09/2021


NEELU P. GARG
 DIRECTOR

For P. N. GUPTA
CHARTERED ACCOUNTANTS


P. N. GUPTA
 PROPRIETOR
 M. No. 44161

