

DIRECTORS REPORT

Dear Members,

Your Directors have immense pleasure in presenting the Thirty-Ninth Annual Report on the business and operation of the Company together with Audited Statement of Accounts for the financial year ended 31st March, 2021.

1. Financial Highlights

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

Particulars	(Rs.in Lakhs)	
	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Turnover	15,230.78	14,635.13
Profit/(Loss) before taxation	1,543.33	1,284.97
Less: Tax Expense	473.83	355.60
Profit/(Loss) after tax	1,069.49	929.36
Add: Balance B/F from the previous year	7,466.52	6,650.25
Balance Profit / (Loss) C/F to the next year	8,381.48	7,466.52

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

Particulars	(Rs. in Lakhs)	
	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Turnover	15,526.33	15,407.15
Profit/(Loss) before taxation	1,666.89	1,460.74
Less: Tax Expense	507.27	395.44
Profit/(Loss) after tax	1,159.62	1,065.30
Add: Balance B/F from the previous year	7,473.46	6,626.89
Balance Profit / (Loss) C/F to the next year	8280.82	7,473.46

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

2. Dividend

During the Year, Company paid interim dividend of 20%, Board of director's propose final dividend of 20%, total dividend for 2020 - 21 is 40%.

3. Amounts transferred to Reserves

The Board of the company has proposed to carry Rs. NIL Lakh to its reserves.

4. State of Company's Affairs & Future Outlook

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 has led it realize higher returns.

Due to an addition of new manufacturing unit at Khapri (Uma), Kalmeshwar there has been a substantial increase in our production capabilities. The new workshop is well equipped to manufacture large and heavy engineering components and the workshop has already got necessary approvals from major clients. We are confident that the real benefit of this new facility will be accrued in the future growth of the Company.

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

5. Impact of Covid-19

The adverse impact of covid-19 related restrictions continues to affect the full functioning of the company. However, the management has taken all necessary measures to protect its manpower as well as continued its functioning seamlessly during this challenging period.

6. 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.

7. Number of Board Meetings & Attendance

Four meetings were held during the Financial Year 2020 - 21, 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	11.07.2020	4	4	100%
2	28.09.2020	4	4	100%
3	23.12.2020	4	4	100%
4	20.03.2021	4	4	100%

8. Audit Committee

The audit committee comprises Independent Directors namely Mr Ajay Jain, Ms Aneeta Vijayakar and Managing Director Mr Prashant Garg.

9. Corporate Social Responsibility Committee

The CSR committee is headed by Independent Director, Ms Aneeta Vijayakar; other members of the committee are Dr Renuka Garg and Mr. Prashant Garg (Managing Director)

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 2021 company had 8 (eight) Subsidiary Companies (4 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 Herson 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 during the year under review. During the year under review, the Company did not provide any additional corporate guarantees. 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 the 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 26th September, 2018.

The board has decided to re appoint them for remaining period of five 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 2021 - 22 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 proviso 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. Aneeta 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

The extract of Annual Return, in format MGT - 9, for the Financial Year 2020-21 has been enclosed with this report Annexure-VI

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, 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 31st March, 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.

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
(DIN - 00049106)
Chairman & Managing Director

Place : Nagpur
Date : 24th September, 2021

Annexure I
(Point 1 of Director's Report)

(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 Super-Conditioning Service Pvt Ltd	*Diffusion MGM Machine 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
	Less:- Tax Expenses	473.83	(0.788)	0.82	0.17	-	33.73	0	507.77
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	7473.46
6	Balance Profit/(Loss) C/F To The Next Year	8,381.48	(81.60)	6.33	65.91	-	194.52	-335.660	8,231.00

**Diffusion MGM Machine Private Limited [CIN - U29268MH2010PTC208211], Form STK - 2 filed for striking off is pending for approval.*

Annexure II

(Point 1 of Director's Report)

(Rs. In Lakhs)

CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 st March 2020									
Sr No	PARTICULARS	Diffusion Engineers Limited	Nowelco Industries Pvt Ltd	Diffusion Herno Adhesive & Sealant Pvt Ltd	Diffusion Super-Conditioning Service Pvt Ltd	*Diffusion MGM Machine PVT. LTD.	Diffusion Engineers Singapore & Associates	Inter Company Deduction	TOTAL
1	Turnover	14,635.13	196.91	19.09	21.83	-	644.28	(110.10)	15,407.15
2	Profit & (Loss) Before Tax	1,284.97	(8.33)	1.48	3.45	1.73	180.89	-	1460.74
3	Less:- Tax Expenses	355.60	(1.05)	(.27)	(.85)	-	39.75		395.44
4	Profit & (Loss) After Tax	929.36	(7.28)	1.20	2.60	-	143.37		1065.30
5	Add :- Balance Bf From The Previous Year	6,650.25	(57.72)	2.77	62.43	0.73	-27.07	194.80	6826.20
6	Balance Profit/(Loss) C/F To The Next Year	7,466.52	(65.01)	3.98	65.03	-	72.50	302.75	7473.46

**Diffusion MGM Machine Private Limited [CIN - U29268MH2010PTC208211], Form STK - 2 filed for striking off is pending for approval.*

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, 2021	For the year ended 31st March, 2020
	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	6,50,000
	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 Inverter 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	New technology is constantly used for improving production / process in its main products and services. 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.
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	Our customers are our biggest drivers to continually improve and develop our existing offerings and products. 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

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 applied for the registration in DSIR - Department of Scientific and Industrial Research.

d) Exports:

Growth in Export is consistent and improving every year.

e) Foreign Exchange Earning and outgo:

Foreign Exchange Earning	1,881.79/- Lakhs
Foreign Exchange outgo	1,157.14/- 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]

The CSR Projects of Diffusion Engineers Limited are executed through N. K. Garg Foundation as discussed and approved by the Board of Directors

Areas identified for CSR activities:

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

Financial Period 2020 - 2021

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.

II. MEDICAL FUND :

1. Chichbhavan Village Medical Services -Kalmeshwar

We have got the permission from CDPO to use the Aganwadi Chichbhavan 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. Mayur Nipane (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.

2. BTSG Donation:

We have donated Rs. 3 lakhs to BTSG foundation is meant to take care of the non - medical needs of the patients and their care givers suffering from Brain Tumors. Brain tumor has the potential to cause life - style disruption affecting all those in the family. Some of these tumors are also life threatening. Their aim is to provide psycho - social support to such patients, conduct monthly meetings of patients and their care givers, taking care of logistics supports of those who come from other towns for treatment, and provide access to various aspects like survivorship, clinical trials. Also in due course to liaison with various industries and organizations to provide vocational training and educational grants to the siblings/children of those who succumb or are unable to return to their profession and earnings.

III. SOCIAL COMMITMENT / PROVISION OF BASIC NEEDS

The Company has contributed to the CSR by Donating Rs. 1 Lakh to Agresar Foundation – Lighting up the Way as contribution for Ambulance. Agresar is working tirelessly to deal with challenges pertaining to poverty, education and environment – founded in May 2017.

IV. DONATION TO INSPIRE INSTITUTE OF SPORT (JSW FOUNDATION)

The Inspire Institute of Sport is a founded to breed champions in India with an eye on success and podium finishes at the Olympic Games. The Inspire Institute of Sport is located in Vijayanagar, Karnataka; the IIS has state – of – the – art facilities and sports science and has some of the finest coaching minds from across the world to help our athletes chase the Indian Olympic dream. Company has donated Rs. 5 Lakhs for training talented young athletes across five Olympic disciplines - wrestling, boxing, judo, athletics and swimming.

V. 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 is one of the CSR Goals at Diffusion Engineers Limited. 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. One month of course is pending due to lockdown & continues to be pending due to COVID Closure.

VI. CONTRIBUTION TO N.K.GARG FOUNDATION

We have donated Rs.10.5 lakhs to N.K.Garg Foundation, the 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.

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	257,900	258,566	258,566	Ground cum park Maintenance
	Promoting Health & Sanitation	Health	Village Chichbhavan Taluka Kalmeshwar City Nagpur State Maharashtra	162,403	164,290	164,290	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
3	Social	Donation to BTSG Foundation	City Bhopal State Madhya Pradesh	3,00,000	3,00,000	3,00,000	Donation to BTSG Foundation fortaking care of the non-medical needs of the patients and their care givers suffering from

							Brain Tumors.
4	Social	Donation to Agresar Foundation	City Nagpur State Maharashtra	1,00,000	1,00,000	1,00,000	Donation to Agresar Foundation as contribution for ambulance
5	Social	Donation to The Inspire Institute of Sport (JSW Foundation)	Vijayanagar, State Karnataka	5,00,000	5,00,000	5,00,000	Donation for giving training to the talented athletes to chase the Indian Olympic dream.
6	Social	Donation to NK Garg Foundation	City Nagpur State Maharashtra	10,50,000	10,50,000	10,00,000	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.
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 16th January, 2020
	TOTAL			23,70,303	23,72,856	23,72,856	Actual : 23,72,856 Scheduled : 23,70,303

Annexure VI
(Point 22 of Directors Report)

FORM NO. MGT 9
Extract of Annual Return
As on financial year ended on 31.03.2021

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
(Management & Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS:

1	CIN	U99999MH2000PLC124154
2	Registration Date	05-11-1982
3	Name of the Company	Diffusion Engineers Limited
4	Category / Sub - category of the Company	Company limited by shares Indian Non Government Company
5	Address of the Registered office & contact details	T - 5 & 6, M.I.D.C., Hingana, Nagpur - 440 016
6	Whether listed company	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufactured Products (Welding Electrodes, Flux Cord Wire, SOP, Diffcor, Wear Plates, etc.)	2710	86.45%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No	Name and CIN/GLN	Address of the Company	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Diffusion Super - Conditioning Services Private Limited (CIN - U51503MH1990PTC124545)	T - 5/ T - 6, M.I.D.C., Hingana Ind. Area, Nagpur	Subsidiary	98.95	2 (87) (ii)
2	Nowelco Industries Private Limited (CIN - U29309CT1999PTC013276)	TF - 32, 3 rd Floor, Millennium Plaza Opposite Indian Coffee House, G. E. Road, Raipur - 492 004	Subsidiary	66.95	2 (87) (ii)
3	Diffusion Herson Adhesive & Sealants Private Limited (CIN - U24297MH2012PTC234063)	T - 5 & 6, M.I.D.C., Hingana, Nagpur - 440 038	Subsidiary	95	2 (87) (ii)
4	Diffusion Engineers Singapore Pte Ltd.	30, Cecil Street, #19 - 08 Prudential Tower, Singapore - 049 712	Subsidiary	100	2 (87) (ii)
5	Diffusion Wear Solutions Philippines Inc. (Subsidiary of Diffusion Engineers Singapore Pte Ltd.)	286, BigteNorzagaray, Bulacan, Philippines - 30 13	Subsidiary	100	2 (87) (ii)
6	Mecdiff SD BHD (Associate of Diffusion Engineers Singapore Pte Ltd.)	No. 3, Jalan Hi - Tech 5, Kawasan Perindustrian Hi - Tech, Jalan Sungai Lalang, 43500, Semenyih, Selangor	Associate	30	2 (6)
7	LSN Diffusion Ltd.	Cilyrychen Industrial Estate, Llyandybie, Ammanford, Carmarthenshire, SA18 3GY, UK	Associate	21.56	2 (6)

a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital up to ₹. 1 lakh	11,553	8,886	20,439	0.54	12,053	8,886	20,939	0.56	0.02
ii) Individual shareholders holding nominal share capital in excess of ₹. 1 lakh	-	45,418	45,418	1.22	-	45,418	45,418	1.22	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2)	11,553	54,304	65,857	1.76	12,053	54,304	66,357	1.78	0.02
Total Public Share Holding (B) = (B) (1) + (B) (2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	36,80,761	56,706	37,37,467	100%	36,80,761	56,706	37,37,467	100%	-

ii) Shareholding of Promoter

Sr. No	Share Holder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	N.K. Garg (HUF)	2,98,397	7.98%	-	2,97,897	7.97%	-	-0.01
3	Prashant Garg	14,56,593	38.97%	-	14,56,593	38.97%	-	-
4	Nitin Garg	9,82,322	26.28%	-	9,82,322	26.28%	-	-
5	Chitra Garg	8,49,653	22.73%	-	8,49,653	22.73%	-	-
6	Nitin & Renuka Garg	75,281	2.01%	-	75,281	2.01%	-	-
7	Prashant & Neelu Garg	9,364	0.25%	-	9,364	0.25%	-	-

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	36,71,610	98.24%	36,71,610	98.24%
	**Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment-/transfer / bonus/ sweat equity etc.)	500 (19/02/2021)	0.02%	500	0.02%
	At the end of the year	36,71,110	98.22%	36,71,110	0.02%

** All the increase and decrease in Promoter's Shareholding is by way of transfer

iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs)

1. *Mrs. Vidya Nathan*

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	29,532	0.79%	29,532	0.79%
	Increase/Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	29,532	0.79%	29,532	0.79%

2. *Mr. Alok Gautam Desai*

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	15,886	0.43%	15,886	0.43%
	Increase/Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	15,886	0.43%	15,886	0.43%

3. Mr. Ajay Jain (HUF)

Sr. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	10,000	0.27%	10,000	0.27%
	Increase/Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	10,000	0.27%	10,000	0.27%

4. Mr. Ashok Mundhada

Sr. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	5,036	0.13%	5,036	0.13%
	Increase/Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	5,036	0.13%	5,036	0.13%

5. Mr. T R Uttam Kumar

Sr. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1,874	0.05%	1,874	0.05%
	Increase/Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	1,874	0.05%	1,874	0.05%

6. Mr. Ajay Patki

Sr. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1,014	0.02%	1,014	0.02%
	Increase/Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	1,014	0.02%	1,014	0.02%

7. *Mrs. Sunila H Ledwani*

Sr. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	600	0.01%	600	0.01%
	Increase/Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	600	0.01%	600	0.01%

8. *Mrs. Lata Madhav Kawde*

Sr. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	500	0.01%	500	0.01%
	Increase/Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	500	0.01%	500	0.01%

9. *Ms Aneeta Vijayakar*

Sr. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Increase/Decrease in Shareholding during the year	500	0.01%	500	0.01%
	At the end of the year	500	0.01%	500	0.01%

10. *Mr. K P Suresh*

Sr. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	375	0.01%	375	0.01%
	Increase/Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	375	0.01%	375	0.01%

v) Shareholding of Directors and Key Managerial Personnel

1. *Mr. Prashant Garg*

Sr. No	Prashant Garg [DIN - 00049106]	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	14,56,593	38.97%	14,56,593	38.97%
	Increase/ decrease in Promoters Shareholding during the year due to transmission	-	-	-	-
	At the end of the year	14,56,593	38.97%	14,56,593	38.97%

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	31,65,00,114	-	50,86,351	32,15,86,465
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	31,65,00,114	-	50,86,351	32,15,86,465
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	12,41,64,574	-	25,000	12,41,89,574
Net Change	12,41,64,574	-	25,000	12,41,89,574
Indebtedness at the end of the financial year				
i) Principal Amount	19,23,35,540	-	50,61,351	19,73,96,891
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	19,23,35,540	-	50,61,351	19,73,96,891

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director Whole-time Directors and/or Manager

Sr. No.	Particulars of Remuneration	Name of MD /WTD/ Manager	Total Amount
		Prashant Garg (Managing Director)	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income - tax Act, 1961	1,20,00,000	1,20,00,000
	(b) Value of perquisites u/s 17(2) Income - tax Act, 1961	6,18,563	6,18,563
	(c) Profits in lieu of salary under section 17(3) Income - tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify...	38,00,000	38,00,000
5	Others, please specify	-	-
	Total (A)	1,64,18,563	1,64,18,563

B. Remuneration to other directors

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Ajay Jain	Aneeta Vijayakar	
1	Independent Directors			
	Fee for attending board committee meetings	-	-	-
	Commission	2,50,000	2,50,000	5,00,000
	Others, please specify	-	-	-
	Total (1)	2,50,000	2,50,000	5,00,000
		Name of Directors		
		Renuka Garg		
2	Other Non - Executive Directors			
	Fee for attending board committee meetings	-	-	-
	Commission	2,50,000	-	2,50,000
	Others - Remuneration Consultancy	-	-	-
	Total (2)	2,50,000	-	2,50,000
	Total (B) = 1 + 2	5,00,000	2,50,000	7,50,000
	Total Managerial Remuneration	7,50,000		

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD-

Not Applicable

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ Court]	Appeal made, if any (give details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

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



Place : Nagpur
Date : 24th September, 2021

Prashant Garg
(DIN - 00049106)
Managing Director



P. R. BHUTA & Co.
CHARTERED ACCOUNTANTS

21, Jyeshtha Suktakar, 2nd Floor, Sir P. M. Hadas, Fort, Mumbai - 400 001, India
Tel : 91 22 2266 0310 - 3427 4347 3207 • e-mail: info@prbhuta.com • Website: www.prbhuta.com

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIFFUSION ENGINEERS LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of **DIFFUSION ENGINEERS LIMITED** ("the Company"), which comprise the balance sheet as at March 31, 2021, and the Statement of Profit and Loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit and cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Financial Statements

The Company's board of directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (herein after referred to as the "Order"), and on the basis of such checks and records of the Company as we consider appropriate and according to the information and explanations given to us, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statement comply with the Accounting Standards referred to in section 133 of the Companies Act, 2013 read with the Rule 7 of the Companies (Account) Rules 2014.
 - e) On the basis of written representations received from the directors as on March 31, 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, from being appointed as a director in terms of Section 164(2) of the Companies Act, 2013.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting; and
 - g) With respect to other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us, we report as under:
 - (i) The Company has disclosed the impact of pending litigations as at March 31, 2021, if any, on its financial position in its financial statements.
 - (ii) The Company did not have any long – term contracts including derivative contracts for which there were any material foreseeable losses;
 - (iii) There was no amount required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2021.

For **P. R. Bhuta & Co.**

FRN: 101471W

Chartered Accountants

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Date: 2021.09.24
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Pankaj Bhuta

Proprietor

Membership No: 31820

UDIN: 21031820AAAABD7524

Place : Mumbai

Date : 24.09.2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(REFERRED TO IN PARAGRAPH 1 UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT OF EVEN DATE)

- (i) In respect of its fixed assets:
 - (a) The company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets on the basis of available information.
 - (b) As explained to us, the fixed assets have been physically verified by the management, in accordance with a phased programme of verification, which in our opinion, is reasonable, having regard to the size of the company and the nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.
 - (c) The title deeds of the all the immovable properties held by the company are in the name of the company;
- (ii) In respect of its inventories, as explained to us, the inventories have been physically verified by the management at regular intervals during the year. In our opinion, the frequency of such verification is reasonable having regard to the size of the company and nature of its business and no material discrepancies were noticed on such verification.
- (iii) The Company has granted unsecured loan to companies covered in the register maintained under section 189 of the Act.
 - (a) The terms and conditions of the grant of such loans are not, prima facie, prejudicial to the company's interest.
 - (b) There is no stipulated period of receipt of principal amount and interest for loans given, hence the clause 3(iii)(b) of the Order relating to regularity in receipt of principal amount and interest is not applicable to the company.
 - (c) There is no stipulated period of loans granted by the company, hence the clause 3(iii)(c) of the Order relating to steps taken for recovery of principal and interest in case of overdue of amount more than 90 days, is not applicable to the company.
- (iv) In our opinion & according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) In respect of statutory dues:
 - (a) According to the information and explanations given to us and in our opinion, the Company has been regular in depositing 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 from the date they became payable.
 - (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, except as follows:

Name of Statute	Nature of Dues	Amount (Rs.)	Period to which amount relate	Forum where the disputes are pending
Central Excise Act, 1944	Excise Duty	16,62,962	FY 2000-01 To FY 2010-11	Nagpur High Court
Income Tax Act, 1961	Income Tax	12,480	F.Y. 2018-2019	CPC

- (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, the term loans have been applied for the purpose for which they were 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.
- (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.

Place : Mumbai
Date : 24.09.2021

For P. R. Bhuta & Co.
FRN: 101471W

Chartered Accountants
PANKAJ RASIKLAL BHUTA
Date: 2021/09/24
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Pankaj Bhuta
Proprietor
Membership No: 31820
UDIN: 21031820AAAABD75

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(REFERRED TO IN PARAGRAPH 1 UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT OF EVEN DATE)

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

Opinion

We have audited the internal financial controls over financial reporting of **DIFFUSION ENGINEERS LIMITED** ("the Company") as of 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.

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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 P. R. Bhuta & Co.

FRN: 101471W

Chartered Accountants

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Pankaj Bhuta

Proprietor

Membership No: 31820

UDIN: 21031820AAAABD7524

Place : Mumbai

Date : 24.09.2021

DIFFUSION ENGINEERS LTD
BALANCE SHEET AS ON 31 MARCH 2021

PARTICULARS	NOTES	AS At March 31, 2021		AS At March 31, 2020	
		₹	₹	₹	₹
EQUITY AND LIABILITIES					
Shareholder's funds					
(a) Share Capital	3	3,73,74,670		3,73,74,670	
(b) Reserves and Surplus	4	1,01,17,07,317	1,04,90,81,987	92,02,11,579	95,75,86,249
Non-current liabilities					
(a) Long-term borrowings	5	8,06,47,109		11,63,17,805	
(b) Other long-term liabilities	6	71,52,488		71,05,497	
(c) Deferred tax liabilities (net)		3,40,12,342	12,18,11,938	2,69,27,806	15,03,51,108
Current Liabilities					
(a) Short term borrowings	7	11,16,88,431		20,01,82,308	
(b) Trade payables	8	18,28,02,331		25,28,11,586	
(c) Other current liabilities	9	7,66,66,210		12,50,27,607	
(d) Short term provisions	10	(73,84,418)	36,37,72,554	(68,42,570)	57,11,78,931
TOTAL			1,53,46,66,480		1,67,91,16,287
ASSETS					
Non-current assets					
(a) Fixed assets	11				
(i) Tangible assets		55,44,30,722		60,01,53,204	
(ii) Intangible assets		21,71,679		28,22,175	
(iii) Capital work-in-progress				-	
(iv) Intangible assets under development			55,66,02,400	-	60,29,75,379
(b) Non-current investments	12		16,35,64,946		17,03,39,974
(c) Long-term loans and advances	13		4,56,03,446		4,76,36,665
Current assets					
(a) Inventories	14	26,87,27,581		44,44,52,994	
(b) Trade receivables	15	41,06,06,185		36,07,73,801	
(c) Cash and Cash equivalents	16	4,02,80,056		69,87,005	
(d) Short-term loans and advances	17	4,92,81,865	76,88,95,687	4,59,50,470	85,81,64,270
TOTAL			1,53,46,66,480		1,67,91,16,287
Contingent Liabilities	26(ii)				
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 BHUTA

Proprietor

Membership Number: 31820

Place : Mumbai

Date : 24 SEP 2021



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

Prashant Garg

PRASHANT GARG

Chairman & Managing Director

DIN :- 00049106

Place : Nagpur

24/09/2021

Ajay Jain

AJAY JAIN

Director

DIN :- 02815416

Place : Mumbai

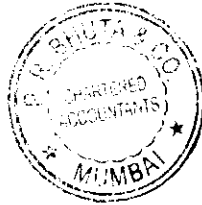
24/09/2021

DIFFUSION ENGINEERS LTD
STATEMENT OF PROFIT & LOSS FOR THE PERIOD 31 MARCH 2021

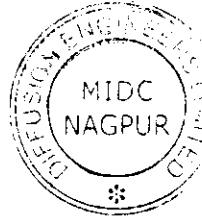
	PARTICULARS	NOTES	AS At March 31, 2021		AS At March 31, 2020	
					₹	₹
i	Revenues from operations	18	1,52,30,78,210		1,46,35,13,011	
ii	Other income	19	1,75,48,401		2,19,85,989	
iii	Total Revenue			1,54,06,26,610		1,48,54,99,000
iv	Expenses					
	Cost of material consumed	20	61,12,84,002		78,85,12,277	
	Purchase of Traded goods (inclusive of Stock-in-Transit)		5,98,70,771		5,07,37,215	
	Direct Expenses	21	16,98,99,566		19,20,68,265	
	Changes in inventories	22	16,62,57,308		(10,13,20,093)	
	Employee benefit expenses	23	23,12,37,218		26,12,34,554	
	Finance costs	24	1,89,95,409		1,90,34,560	
	Depreciation expenses and amortisation exps	11	3,73,99,660		3,05,32,557	
	Others expenses	25	9,13,49,565		11,62,02,312	
	Total expenses			1,38,62,93,497		1,35,70,01,646
v	Profit before exceptional and extraordinary items and tax			15,43,33,113		12,84,97,354
vi	Exceptional and Extraordinary Items					-
vii	Prior Period Items					-
viii	Profit before income tax			15,43,33,113		12,84,97,354
ix	Tax expenses:					
	Current income tax		4,02,98,848		2,96,55,517	
	Short / (Excess) Provision for Income Tax				-	
	Deferred income tax		70,84,536	4,73,83,384	59,05,276	3,55,60,793
	Profit Before CSR for the period(vii-viii)			10,69,49,730		9,29,36,561
	CSR for the Period			23,72,856		22,97,489
	Profit for the period			10,45,76,874		9,06,39,071
	Earnings per equity share:					
	Basic			27.98		24.25
	Diluted			27.98		24.25

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

Pankaj Bhuta



PANKAJ BHUTA
Proprietor
Membership Number: 31820
Place : Mumbai
Date : 24 SEP 2021



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

Prashant Garg

PRASHANT GARG
Chairman & Managing Director
DIN :- 00049106
Place : Nagpur
24/09/2021

Ajay Jain

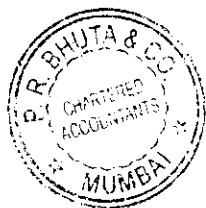
AJAY JAIN
Director
DIN :- 02815416
Place : Mumbai
24/09/2021

DIFFUSION ENGINEERS LIMITED
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		10,69,49,730		12,84,97,354
Adjustments for :				
Bad Debts & Write Off	26,30,839		46,23,964	
Write Back	(26,63,132)		(13,859)	
Depreciation	3,73,99,660		3,05,32,557	
Dividend on Investments			-	
Interest and Finance Charges	1,89,95,409		1,90,34,560	
Interest Income	(20,19,253)		(35,10,533)	
Loss : (Surplus) on Sale of Fixed Assets / Investments (Net)	(38,08,461)		(37,89,556)	
CSR	(23,72,856)		(22,97,489)	
		4,81,62,206		4,45,79,643
Operating Profit before Working Capital changes		15,51,11,936		17,30,76,997
Adjustment for :				
Inventories	17,57,25,413		(11,25,70,451)	
Trade Receivables	(5,24,63,223)		(2,83,86,424)	
Other receivables	(12,98,176)		(2,12,22,060)	
Trade Payables	(6,73,46,122)		8,61,75,862	
Other Liabilities	(85,57,407)		91,90,902	
		4,60,60,485		(6,68,12,170)
Cash generated from Operations		20,11,72,421		10,62,64,827
Direct Taxes Paid		(4,02,98,848)		(2,96,55,517)
Deferred Tax		70,84,536		-
Net Cash Flow from Operating Activities (A)		16,79,58,109		7,66,09,310
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Inflow / (Outflow) on account of :				
Dividend on Investments				
Interest Income	20,19,253		35,10,533	
(Purchases) / Sales of Fixed Assets (Net)	89,73,318		(22,76,81,163)	
(Purchases) Capital W.I.P			27,69,865	
Profit/(loss) on sale of Investments	38,08,461		37,89,556	
(Purchases) / Sales of Investments (Net)	67,75,028		(4,62,27,532)	
Net Cash Flow from Investing Activities (B)		2,15,76,061		(26,38,38,741)
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds / (Repayment) from/of Secured Loans	(12,41,64,573)		16,84,94,951	
Interest and Finance Charges	(1,89,95,409)		(1,90,34,560)	
Dividend paid (including tax on dividend)	(1,30,81,135)		(90,11,426)	
Net Cash Flow from Financing Activities (C)		(15,62,41,117)		14,04,48,965
Net Increase / (Decrease) in Cash and Cash Equivalents [A+B+C]		3,32,93,052		(4,67,80,466)
Cash and Cash Equivalents as at the beginning of the year	69,87,005		1,42,56,541	
Cash and Cash Equivalents as at the year end	4,02,80,056		69,87,005	
		3,32,93,052		(72,69,536)
Reconciliation to Cash and Bank Balances given in Schedule 6:				
Cash and Bank Balance as at the year end		4,02,80,056		69,87,005
Less:				
Balances in Fixed Deposit accounts kept as security for Overdraft Facilities and Bank Guarantee with the bankers				
Cash and Cash Equivalent as at the year end		4,02,80,056		69,87,005

Previous year figures have been re-grouped, re-classified and re-arranged wherever necessary.

As per our report of even date
For P. R. Bhuta & Co.
Chartered Accountants
F.R.N. : 101471W
PANKAJ BHUTA
Proprietor
Membership Number: 31820
Place : Mumbai
Date :



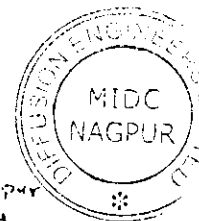
For and on behalf of the Board of Directors of

Diffusion Engineers Limited

Prashant Garg
PRASHANT GARG
Chairman & Managing Director
DIN :- 00049106
Place : Nagpur
Date : 24/09/2021

Ajay Jain

AJAY JAIN
Director
DIN :- 02815416
Place : Mumbai Nagpur
Date : 24/09/2021



NOTES TO ACCOUNTS**Note No. 1 : COMPANY BACKGROUND**

Diffusion Engineers Limited is an ISO 14001 & 18001 company engaged in the manufacturing of electrodes, flux cored wire, manufacturing of Durum products, Diffcor products, service welding and wear plates. Company is also engaged in trading of LSN Powder, Kjellberg 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

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 & 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 GST on accrual basis.

(iv) Fixed Assets and Depreciation

a) Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. All costs relating to the acquisition and installation of fixed 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 fixed assets of holding company, depreciation on tangible fixed assets 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 and capital work in progress.

(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.

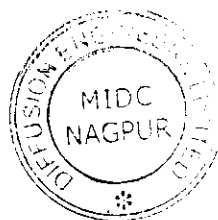
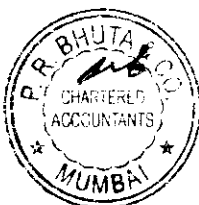
Work in Progress and Finished goods are valued at lower of cost and net realizable value. Cost includes cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

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.



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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 I.I.C 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 reassess

(xi) Impairment of Assets:

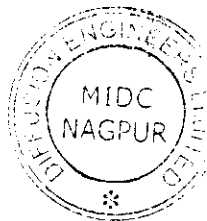
The carrying amounts of the assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized whenever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the greater 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 III of Companies Act 2013. 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.



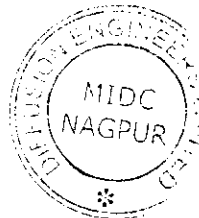
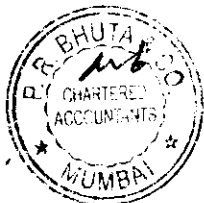
PROVISIONAL NOTES TO ACCOUNTS				
DIFFUSION ENGINEERS LTD				
PARTICULARS				
NOTE No -3 SHARE CAPITAL				
		AS At March 31, 2021		AS At March 31, 2020
<u>AUTHORISED</u>				
50.00,000 Equity Shares of Rs 10/- each		50,000,000		50,000,000
<u>ISSUED SUBSCRIBED & PAID UP</u>				
37.37,467 Equity shares of Rs 10/- each (Refer Note No 26 (iii))		37,374,670		37,374,670
		37,374,670		37,374,670
NOTE No. -4 RESERVES AND SURPLUS				
		AS At March 31, 2021		AS At March 31, 2020
Securities Premium Account		29,364,695		29,364,695
Capital Redemption Reserve		4,721,500		4,721,500
Capital Reserve		17,423,758		17,423,758
<u>General Reserve</u>				
Opening balance	122,048,683		122,048,683	
Add: Transferred from profit & loss a/c	-		-	
Closing Balance		122,048,683		122,048,683
<u>Profit & Loss Account</u>				
Opening Balance	746,652,942		665,025,297	
Add : Profit as per statement of profit & loss	104,576,874		90,639,071	
	851,229,816		755,664,368	
Less : Final Dividend for F Y 2019-220	7,474,934		7,474,934	
Less: Interim Dividend for 20-21	5,606,201			
Less : Proposed Dividend			-	
Less : Corporate Dividend Tax			1,536,492	
Less : Transfer to General Reserve	-		-	
Closing Balance		838,148,681		746,652,942
		1,011,707,317		920,211,579
NOTE No. -5 LONG TERM BORROWINGS				
		AS At March 31, 2021		AS At March 31, 2020
<u>SECURED LOANS</u>				
From HDFC Bank Loan (For Vehicle) (Secured against Hypothecation of Audi Q7 45 Tdi Car)	443,675		2,981,761	
From HDFC Bank (For Nimji Plant Expansion) (Secured Against hypothecation of)	80,203,434	80,647,109	113,336,045	116,317,805
		80,647,109		116,317,805
NOTE No. -6 OTHER LONG-TERM LIABILITIES				
		AS At March 31, 2021		AS At March 31, 2020
Vehicle/Laptop Scheme		2,091,137		2,019,146
Deposits From Distributors		5,061,351		5,086,351
		7,152,488		7,105,497



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DIFFUSION

NOTE No. -7 SHORT TERM BORROWINGS		AS At March 31, 2021		AS At March 31, 2020	
SECURED LOANS					
From HDFC Bank (Secured against Mortgage of building & fixed assets)		94,145,113		161,796,750	
From Syndicate bank CC (Secured against book debts & hypothication of Stock)		-	10,023,984		
SBI Overdraft (ODD) (Secured against Fixed Deposits)		-		10,023,984	
From Yes Bank Cash Credit (CC)/(WCDL) (Secured against book debts & hypothication of Stock)	17,543,318	17,543,318	22,568,233	22,568,233	
From State Bank of India (ODD) (Secured against Fixed Deposits)		-		5,793,342	
From ICICI Bank Overdraft (Secured against book debts & hypothication of Stock)		-			
Working Capital Demand Loan		-			
		111,688,431		200,182,309	
NOTE No. -8 TRADE PAYABLES					
		AS At March 31, 2021		AS At March 31, 2020	
Sundry Creditors:					
Due to Micro,Medium and Small Enterprises	8,810,351		7,531,777		
Others	173,991,980	182,802,331	245,279,809	252,811,586	
		182,802,331		252,811,586	
NOTE No. -9 OTHER CURRENT LIABILITIES					
		AS At March 31, 2021		AS At March 31, 2020	
Statutory Remittances	15,172,436		5,487,629		
Liabilities For Expences	3,487,504		19,538,855		
Staff/Branch Advances/Imprest					
Advance Received from customers	14,147,243		97,266,253		
Other Credit Balances	43,151,183		2,724,621		
Covid Incentive Payable	697,594				
Mobile Scheme	10,250	76,666,210	10,250	125,027,607	
		76,666,210		125,027,607	
NOTE No. -10 SHORT TERM PROVISIONS					
		AS At March 31, 2021		AS At March 31, 2020	
Provision for Leave encashment		2,169,684		2,305,929	
Provision for Tax- Net of Advance Tax		(9,554,102)		(9,148,499)	
		(7,384,418)		(6,842,570)	



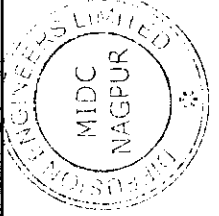
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Diffusion Engineers Limited										
Note 11 Fixed assets										
ASSETS	Balance as at 31 March, 2020	Additions	Disposals	Acquisitions through business combinations	Reclassified as held for sale	Revaluation increase	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments	Balance as at 31 March, 2021
TANGIBLE ASSETS										
(a) Land Freehold	84,753,778	-	-	-	-	-	-	-	-	84,753,778
(b) Buildings Own use	314,621,557	6,125,574	5,579,226	-	-	-	-	-	-	315,167,904
(c) Plant and Equipment Owned	484,254,241	7,590,708	19,535,345	-	-	-	-	-	-	472,309,604
(d) Furniture and Fixtures Owned	16,323,600	321,648	-	-	-	-	-	-	-	16,645,248
(e) Vehicles Owned	32,370,823	1,846,390	729,185	-	-	-	-	-	-	33,488,028
(f) Office equipment Owned	6,295,575	-	-	-	-	-	-	-	-	6,295,575
(g) Others	2,966,793	-	-	-	-	-	-	-	-	2,966,793
Air-Conditioners	15,476,844	628,508	106,840	-	-	-	-	-	-	15,998,512
Computers	885,509	241,727	-	-	-	-	-	-	-	1,127,236
Projectors	7,569,181	-	-	-	-	-	-	-	-	7,569,181
Spectrometer	1,773,070	12,723	-	-	-	-	-	-	-	1,785,793
Weighing Machines	31,001,397	-	-	-	-	-	-	-	-	31,001,397
INTANGIBLE ASSETS										
(h) Technical Know-how	15,630,754	210,000	-	-	-	-	-	-	-	15,840,754
(i) Software	1,013,923,121	16,977,278	25,950,596	-	-	-	-	-	-	1,056,851,095
Total	786,241,958	231,740,798	4,059,635	-	-	-	-	-	-	1,013,923,121
Previous year										
Capital Work In Progress	-	-	-	-	-	-	-	-	-	-



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ASSETS	1,004,949,803		556,602,400		Accumulated depreciation and impairment					Net block	
	Balance as at 1 April, 2020	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Eliminated on reclassification as held for sale	Impairment loss recognised in statement of P&L A/c.	Reversal of impairment loss recognised in Statement of P&L A/c.	Other adjustments	Balance as at 31 March, 2021	Balance as at 31 March, 2020	Balance as at 31 March, 2021	Balance as at 31 March, 2020
TANGIBLE ASSETS											
(a) Land	-	-	-	-	-	-	-	-	-	84,753,778	84,753,778
(b) Buildings	60,638,975	8,931,235	-	-	-	-	-	69,570,210	-	245,597,694	253,982,582
(c) Plant and Equipment	249,725,130	22,284,236	-	-	-	-	-	272,009,366	-	200,300,238	234,529,111
(d) Furniture and Fixtures	9,067,261	1,074,680	-	-	-	-	-	10,141,942	-	6,503,306	7,256,339
(e) Vehicles	18,152,304	2,765,198	-	-	-	-	-	20,917,503	-	12,570,526	14,218,518
(f) Office equipment	4,820,500	438,652	-	-	-	-	-	5,259,152	-	1,036,423	1,475,074
(g) Others	2,290,780	191,234	-	-	-	-	-	2,482,014	-	484,779	676,013
Air-Conditioners	14,177,510	577,743	-	-	-	-	-	14,755,253	-	1,243,259	1,299,334
Computers	668,742	25,751	-	-	-	-	-	694,493	-	432,742	216,767
Projectors	6,143,113	218,056	-	-	-	-	-	6,361,169	-	1,208,012	1,426,068
Spectrometer	1,453,450	32,379	-	-	-	-	-	1,485,829	-	299,964	319,620
Weighing Machines											
INTANGIBLE ASSETS											
(h) Technical Know-how	30,867,314	-	-	-	-	-	-	30,867,314	-	134,083	134,083
(i) Software	12,942,662	860,496	-	-	-	-	-	13,803,158	-	2,037,595	2,688,091
Total	410,947,742	37,399,660	-	-	-	-	-	448,347,402	-	556,602,400	602,975,379
Previous year	410,947,742	30,532,557	-	-	-	-	-	-	-	-	-
Capital Work In Progress											

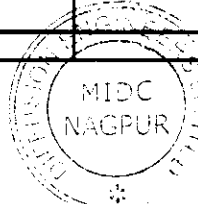
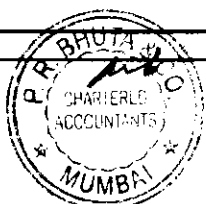


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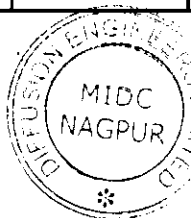
INDUSTRIES LIMITED

NOTE No. -12 NON CURRENT INVESTMENTS				
	AS At March 31, 2021		AS At March 31, 2020	
Non-Trade Investments				
<u>Quoted</u>				
Syndicate Bank Equity Share		17,000		17,000
In Mutual Fund		69,724,503		76,499,531
<u>Trade Investments</u>				
<u>Unquoted</u>				
<u>In Equity Shares of Subsidiaries</u>				
Diffusion Super-Conditioning Services Pvt. Ltd.		3,296,828		3,296,828
Diffusion Engineers Singapore Pte. Ltd.		15,442,500		15,442,500
Diffusion Hemon Adhesive And Sealant Pvt. Ltd.		950,000		950,000
Newelco Industries Pvt Ltd		6,673,428		6,673,428
<u>In Equity Shares of Joint Venture</u>				
LSN Diffusion Ltd (Fully Paid Equity Shares)		67,460,687		67,460,687
		163,564,946		170,339,974
NOTE No. -13 LONG TERM LOAN AND ADVANCES				
	AS At March 31, 2021		AS At March 31, 2020	
<u>Security Deposits & Fixed Deposit</u>				
Earnest Money Deposit & Security Deposit		7,146,563		8,346,511
Fixed Deposit (Security for Overdraft Facilities and Bank Guarantee)		38,456,883		39,290,154
		45,603,446		47,636,665
NOTE No. -14 INVENTORIES				
	AS At March 31, 2021		AS At March 31, 2020	
Consumables, Stores and Spare parts				
<u>Stock in trade</u>				
Raw Materials	94,613,114		115,094,090	
Work in Progress	74,036,889		157,010,979	
Finished goods & Traded Goods	76,266,512	244,916,515	161,979,061	434,084,130
<u>Stock - In - Transit</u>				
Raw Materials	20,236,211		6,224,604	
Consumables, Stores and Spare parts	1,145,525		730,367	
Traded Goods	2,429,330	23,811,066	3,413,893	10,368,864
		268,727,581		444,452,994
NOTE No. -15 TRADE RECEIVABLES				
	AS At March 31, 2021		AS At March 31, 2020	
(Unsecured, considered good)				
Outstanding for a period exceeding six months		52,113,049		360,773,801
Other Debts		358,493,136		
		410,606,185		360,773,801
NOTE No. -16 CASH AND CASH EQUIVALENT				
	AS At March 31, 2021		AS At March 31, 2020	
<u>Balances with Scheduled Banks</u>				
In Current Accounts	40,183,106		6,834,897	
In Dividend Accounts	6,502		5,646	
In Deposit Accounts - Principal & Accrued Interest		40,189,609		6,840,543
Cash in Hand		90,448		146,462
		40,280,056		6,987,005



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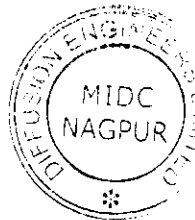
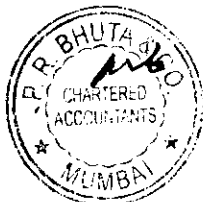
NOTE No. - 17 SHORT TERM LOAN AND ADVANCES				
	AS At March 31, 2021		AS At March 31, 2020	
Loans and advances to related parties		7,912,284		5,216,278
<u>Advances with Government Authorities</u>				
Excise Duty & Service Tax		-		-
IGST Receivable	22,789		724,221	
CGST Receivable	-		5,888,491	
SGST Receivable	-		6,264,847	
TDS ON GST			-	
Custom Duty Advance	-		125,124	
Income Tax Refund			-	
Duty Drawback Receivable	825,694		671,513	
Meis License (Export Incentive Receivable)	-		455,507	
PSI Incentive Receivable	16,768,155		10,099,850	
Recurring Deposit Receivable				
VAT & Sales Tax	417,894	18,034,533	488,368	24,717,922
<u>Other Short term loans & advances</u> (Unsecured & considered good)				
Deposits Recoverable	7,153,436		7,671,270	
Staff Advance	2,473,101		1,921,659	
Advance to others	13,708,512	23,335,048	6,423,342	16,016,271
		49,281,865		45,950,470
NOTE No. -18 REVENUES FROM OPERATIONS				
PARTICULARS	AS At March 31, 2021		AS At March 31, 2020	
<u>Sale of Products & Services</u>				
Sales (Manufacturing)	1,134,628,809		1,176,296,283	
Less: Returns	10,406,901	1,124,221,908	22,711,003	1,153,585,281
Sales (Trading)	86,585,970		77,157,545	
Less: Returns	278,430	86,307,540	1,625,570	75,531,974
Export Sales		183,879,311		140,889,814
Job Work Receipt:				
Local	105,770,723		74,858,214	
Export	4,300,198	110,070,920	3,673,159	78,531,374
Less:- Excise Duty				
<u>Other Operating Revenues</u>				
Insurance, Licenses & Packing on Sales	15,901,706		13,059,304	
Duty Drawback	2,696,825	18,598,531	1,915,264	14,974,568
		1,523,078,210		1,463,513,011
NOTE No. - 19 OTHER INCOME				
PARTICULARS	AS At March 31, 2021		AS At March 31, 2020	
Profit on Sale of Assets & Investment		3,808,461		3,789,556
Insurance Claim		1,009,396		422,984
PSI Incentive		6,668,305		5,000,000
Interest Received		2,019,253		3,510,533
Meis Licence A/C		465,486		4,261,507
Net Gain on Foreign Exchange Fluctuations		-		4,800,481
Write Back of Provisions		2,663,132		13,859
Rent Received		162,000		156,000
Other Income		752,367		31,070
		17,548,401		21,985,989



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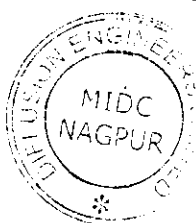
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NOTE No. -20 COST OF MATERIAL CONSUMED				
PARTICULARS	AS At March 31, 2021		AS At March 31, 2020	
Raw Material Consumed				
Opening Stock (inclusive of Stock-in-Transit)	107,648,275		106,113,182	
Add: Purchases (inclusive of Stock-in-Transit)	609,705,534		790,047,370	
	717,353,809		896,160,552	
Less: Closing Stock (inclusive of Stock-in-Transit)	106,069,807	611,284,002	107,648,275	788,512,277
		611,284,002		788,512,277
NOTE No. -21 DIRECT EXPENSES				
PARTICULARS	AS At March 31, 2021		AS At March 31, 2020	
Consumable, Stores & Spare Parts Material Consumed				
Opening Stock (inclusive of Stock-in-Transit)	7,445,815		8,099,414	
Add: Purchase (inclusive of Stock-in-Transit)	39,349,356		41,719,992	
	46,795,171		49,819,406	
Less: Closing Stock (inclusive of Stock-in-Transit)	9,925,042	36,870,129	7,445,815	42,373,591
Laboratory Expenses		-		-
Custom Duties		10,033,060		6,064,809
Job Work Charges		71,154,703		82,606,127
Labour Charges		10,274,715		14,821,719
Carriage Inward & Clearing Charges		12,682,783		15,683,581
Power & Fuel		28,368,758		30,188,080
Lease Rental		220,339		
Water Charges		295,078		330,357
		169,899,566		192,068,265
NOTE No. -22 CHANGE IN INVENTORIES				
PARTICULARS	AS At March 31, 2021		AS At March 31, 2020	
Closing Stock				
Work in Progress	74,036,889		157,010,979	
Finished Goods	36,343,804		115,325,216	
Traded Goods (inclusive of Stock-in-Transit)	42,352,039		46,653,845	
	152,732,732		318,990,040	
Less: Opening Stock				
Work in Progress	157,010,979		108,405,174	
Finished Goods	115,325,216		52,362,706	
Traded Goods	46,653,845		56,902,067	
	318,990,040		217,669,947	
Change in Inventories		(166,257,308)		101,320,093
Excise Duty on Increase/Decrease of Finished Goods				
		(166,257,308)		101,320,093
NOTE No. - 23 EMPLOYEE BENEFIT EXPENSES				
PARTICULARS	AS At March 31, 2021		AS At March 31, 2020	
Salaries, Wages, Bonus & Ex-gratia		180,523,146		204,086,519
Sales Commission to Staff		2,751,823		2,735,312
Company's Contribution to PF, ESIC & Others		12,455,180		14,044,269
Gratuity		2,240,849		4,863,648
Directors Remuneration		12,185,113		27,361,128
Directors' Commission		5,750,000		3,000,000
Staff Training and Recruitment		(1,370)		501,695
Staff Welfare		542,081		2,430,145
Workman Compensation		1,600,000		-
Covid Incentive		11,458,506		-
Leave Travel Allowance & Other Allowance		1,731,890		2,211,838
		231,237,218		261,234,554



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NOTE No. - 24 FINANCE COST				
PARTICULARS	AS At March 31, 2021		AS At March 31, 2020	
	Bank Interest		15,702,800	
Bank Charges		1,915,913		6,015,605
Other Interest		1,376,696		1,192,508
		18,995,409		19,034,560
NOTE No. - 25 OTHER COST				
PARTICULARS	AS At March 31, 2021		AS At March 31, 2020	
Rates & Taxes				925,856
Security Charges				4,673,871
Insurance		1,964,208		3,018,617
Foreign Travel Expenses		4,547,510		4,728,318
Foreign Technical Fees		4,376,108		57,520
Postage, Telegram, Telex & Telephone		562,697		2,461,898
Printing & Stationery		-		143,123
Travelling Expenses & Conveyance:		1,901,882		
Directors		52,777		
Others	179,074			
Rent	11,241,130		2,326,826	
Office Maintenance & Factory Expenses		11,420,204	23,403,013	25,729,839
Repairs & Maintenance:		3,580,337		3,218,980
Building		620,747		785,711
Machinery				
Vehicles	680,527			
Others	2,667,412		2,719,270	
Legal & Professional Charges	2,250,326		2,470,336	
I. S. O. & R.D.S.O Expenses		5,598,265	3,775,124	8,964,730
Membership & Subscription, Books & Periodicals		8,286,829		11,620,334
Donation & Charity		70,000		88,416
Registration Fees		563,808		347,644
Board Meeting Expenses		-		362,000
Filing Fees		10,215		9,040
Directors' Sitting Fees		497		23,550
Service Tax & Excise Duty		41,500		22,277
Other Expenses		560,000		910,000
Pooja, Diwali & Gift Expenses		-		-
Auditors' Remuneration		1,600,378		1,329,384
Statutory Audit		108,838		534,331
Tax Audit & Transfer Pricing				
Other Services		690,000	690,000	
Audit Expenses				
Annual Audit Fees				
Sales Tax Paid		42,159	143,046	833,046
GST Paid		312,000		2,515,543
Company Profession Tax		-		488,159
Website Development Expenses		42,648		10,500
Carriage Outward & Handling Charges		7,125		310,200
Advertisement		4,950		24,108,412
Sales Promotion (Including Entertainment)		27,881,572		902,510
Tender Fees		719,708		350,233
Net Loss on Foreign Exchange Fluctuations		281,025		21,986
Commission & Discount to Distributors & others		56,576		-
Exhibition, seminar & New Product Launching		1,802,593		7,449,260
Testing Charges		7,575,867		1,706,894
Late Delivery Charges		25,162		899,518
Bad Debts & Write Off		828,153		2,110,900
Rate / Weight Differences		2,441,813		4,623,964
		2,630,839		(84,251)
		140,576		
		91,349,565		116,202,312



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NOTE No. -26 NOTES ON ACCOUNTS

(All amounts in 'Rs `)

(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****Current Year Previous Year**

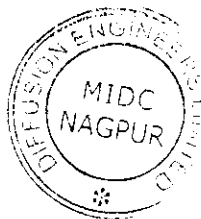
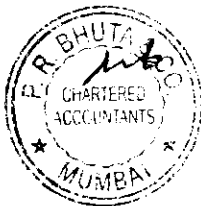
a.	Excise Duty Liability Disputed	16,62,962	16,62,962
	Note Excise Duty Liability raised on the company by Excise Assessment Authority & appeal has been filed by the company before Nagpur High Court.		
b.	Income Tax (CPC) Demand / liability for AY 2019-20	12,480	-

(iii) Details of Shareholders having more than 5% shares in the company as on 31 st March 2021 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]	7.98%	2,98,397	7.98%	2,98,397
2	Mrs.Chitra Garg	22.73%	8,49,653	22.73%	8,49,653
3	Mr.Prashant Garg	38.97%	14,56,593	38.97%	14,56,593
4	Dr. Nitin Garg	26.28%	9,82,322	26.28%	9,82,322

(iv) Fair Value of Investments :-

- a) Quoted Non Trade Investment of 1,700 (Previous Year 1,700) Equity shares of Syndicate Bank at a cost of Rs. 17,000/- (Previous Year Rs.17,000/-) the Market value of which is Rs. 40,827/- (Previous Year Rs.25,755/-). The Company is now merged with Canara Bank. Swap ratio was 158 shares of Canara Bank for every 1000 shares of Syndicate Bank
- 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 65,000) Equity Shares of Diffusion Herson Adhesive And Sealant Pvt Ltd. at a cost of Rs 9,50,000/- (Previous Year Rs. 6,50,000)
- e) Unquoted Trade Investment of Equity shares of LSN Diffusion Ltd at a cost of Rs. 674,60,687/- (GBP 7,54,450/-) (Previous Year paid up capital Rs.6,74,60,687/- (GBP 7,54,450/-).
- 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/-)



Prashant Garg

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h) Mutual Fund Investment				
Sr. No.	Name of Mutual Fund	Amount	No. of Units	Market Value
1	DSP Blackrock India Tiger Fund	2,968,365	34,449.187	3,817,900
	(Previous Year)	2,868,365	32,925	2,003,020
2	Franklin India Equity Advantage Fund (G)	537,575	8,517.044	838,331
	(Previous Year)	537,575	8,517	448,764
3	Franklin India Prima Fund	700,000	793.6310	994,758
	(Previous Year)	3,833,070	4,501	3,111,538
4	HDFC - Flexi Cap Fund Reg (G)	750,000	1,288.4370	1,027,465
	(Previous Year)	1,837,405	2,894	1,324,466
5	HDFC Balance Advantage Fund (G)	1,298,044	6,975.005	1,644,818
	(Previous Year)	1,198,044	6,339	952,359
6	ICICI Pru - Value Discovery Fund (G)	4,672,182	35,706.3220	6,878,109
	(Previous Year)	4,472,182	34,019	3,596,536
7	ICICI Pru - Infrastructure Fund Reg (G)	1,391,206	33,487.3610	2,045,073
	(Previous Year)	1,391,206	33,487	1,095,371
8	Absl Front Line Equity Fund	350,000	1,684.2790	473,097
	(Previous Year)	1,150,000	5,315	877,236
9	Reliance Money Manager Fund	-	-	-
	(Previous Year)	100,000	45	123,123
10	ICICI Pru -Multi Asset Fund	4,298,247	18,096.0650	5,991,908
	(Previous Year)	4,098,247	17,232	3,636,031
11	IDFC -Flexi cap Fund (G)	1,543,680	17,188.8450	1,931,167
	(Previous Year)	1,443,680	15,893	1,142,230
12	Franklin- India Bluechip Fund	650,000	1,498.864	894,080
	(Previous Year)	2,049,758	4,565	1,538,575
13	Franklin India Short Term Income Plan	23,965,905	22,263.431	28,712,088
	(Previous Year)	26,000,000	7,847	30,517,180
14	IDFC -Core Equity Fund (G)	2,750,000	63,290.4860	3,591,102
	(Previous Year)	2,650,000	60,450	1,930,155
15	L & T Infrastructure Fund	3,350,000	222,713.4010	4,046,702
	(Previous Year)	2,600,000	165,315	1,730,850
16	Mirae Asset India Equity Fund- (G)	5,479,820	102,565.35	6,718,543.00
	(Previous Year)	1,350,000	-	-
17	Kotak Flexicap Fund-Growth	5,639,820	155,575	6,994,785
	(Previous Year)	1,650,000	-	-
18	L&T Midcap Fund- (G)	1,260,000	9,801.3490	1,717,784
	(Previous Year)	1,260,000	-	-
19	Hdfc Small Cap Fund- (G)	960,000	24,741	1,307,636
	(Previous Year)	960,000	-	-
20	Axis Bluechip Fund - Regular Plan- Growth	3,199,840	96,745.0870	3,745,002.00
	(Previous Year)	-	-	-
21	Parag Parikh Long Term Equity Fund-Regular Plan- C	3,599,820	109,101	4,146,014
	(Previous Year)	-	-	-
22	Kotak Emerging Equity Fund Growth	360,000	11,858.0490	680,439
	(Previous Year)	-	-	-

(v) Payment to Auditors:	<u>Current Year</u>	<u>Previous Year</u>
Audit Fees	360,000	360,000
Tax Audit & Transfer Pricing	330,000	330,000
For other services rendered	42,159	143,046
(vi) Earning Per Share :	<u>Current Year</u>	<u>Previous Year</u>
Net Profit after Tax after Prior Period Items and CSR	104,576,874	90,639,071
No. of Shares Outstanding	3,737,467	3,737,467
Weighted Average number of shares outstanding during the year	3,737,467	3,737,467
Basic & Diluted Earning Per Share	27.98	24.25
[Nominal Value Rs.10/- each] (Rs.)		



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vii) Break-up of Deferred Tax Assets / (Liabilities) :		Current Year	Previous Year	
Deferred Tax Liability:				
Timing Difference on account of Carrying amount of Fixed Assets in the Financial Statements and the Income Tax Return		36,624,316	29,346,492	
Deferred Tax Assets:				
Expense allowable for tax purpose when paid (Section 43B items)		2,611,972	2,418,687	
Net Deferred Tax Assets / (Liability)		(34,012,344)	(26,927,808)	
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		14,203,434	11,725,950	
Interest Cost		909,653	854,850	
Current Service Cost		1,201,789	975,902	
Benefits Paid		1,089,975	1,102,872	
Actuarial (gain) / Loss on obligations		1,892,270	1,749,604	
Present Value of Obligations as at the end of the year		17,117,171	14,203,434	
2) Changes in fair Value of Plan assets:				
Fair Value of Plan assets at the beginning of the year		15,451,457	15,515,678	
Expected return on plan assets		1,244,341	1,025,051	
Contributions		3,697,664	-	
Benefits Paid		1,089,975	1,102,872	
Actuarial Gain / (Loss) On Plan assets		(96,832)	13,600	
Fair Value of Plan assets at the end of the year		19,206,655	15,451,457	
3) The amount to be recognized in the Balance sheet:				
Present Value of Obligations as at the end of year		17,117,171	14,203,434	
Fair Value of Plan assets at the end of the year		19,206,655	15,451,457	
Net assets / (Liability) recognised in Balance sheet		2,089,484	1,248,023	
4) Actuarial Gain / Loss recognized:				
Actuarial (Gain) / Loss on Obligations		1,892,270	1,749,604	
Actuarial (Gain) / Loss for the year on plan assets		96,832	(13,600)	
Actuarial (Gain) / Loss recognized in the year		1,989,102	1,736,004	
5) Expenses recognized in Statement of Profit and Loss:				
Current Service cost		1,201,789	975,902	
Interest Cost		909,653	854,850	
Expected return on plan assets		(1,244,341)	(1,025,051)	
Net actuarial (Gain) / Loss recognized in the year		1,989,102	1,736,003	
Expenses recognized in Statement of Profit and Loss		2,856,203	2,541,704	
6) Assumption:				
Discount Rate	6.77%	6.66%	7.65%	7.73%
Salary Escalation	5.00%	5.00%	5.00%	5.00%
	31-Mar-21	31-Mar-20	31-Mar-19	31-Mar-18
Present Value of Obligations	17,117,171	14,203,434	11,725,950	8,374,966
Fair Value of Plan Assets	19,206,655	15,451,457	15,515,678	13,336,344
Surplus / (Deficit) in the plan	2,089,484	1,248,023	3,789,728	4,961,378
Experience Adjustment - Obligations	1,892,270	1,749,604	1,465,552	174,867
Experience Adjustment - Plan Assets	(96,832)	13,600	(25,656)	Nil



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DIFFUSION

	<u>Current Year</u>	<u>Previous Year</u>		
Total amount of defined contribution plan during the year	12,455,180	14,044,269		
	<u>Current Year</u>	<u>Previous Year</u>		
(ix) Outstanding to Micro, Small and Medium Enterprises (MSME) at the close of the year	8,810,351	7,531,777		
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) Expenditure in Foreign Currency				
Dividends to a Foreign Shareholder				
- Current year	-	-		
- Last year	-	-		
Other Expenses	144,777	4,669,817		
(xi) Earnings in Foreign Exchange				
Export Sales	183,879,311	140,889,814		
Job work receipts	4,300.198	3,673,159		
(xii) C. I. F. Value of Imports				
Raw Materials	60,279,401	38,673,072		
Traded Goods	47,765,423	45,021,345		
Capital Goods	-	-		
Consumables, Stores and Spare parts	7,669,357	5,313,563		
(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	60,279,401	9.89%	38,673,072	4.90%
Indigenous	549,426,133	90.11%	751,374,298	95.10%
Total	609,705,534	100.00%	790,047,370	100.00%
Consumables, Stores and Spare parts				
Imported	7,669,357	19.49%	5,313,563	12.74%
Indigenous	31,679,999	80.51%	36,406,430	87.26%
Total	39,349,356	100.00%	41,719,992	100.00%
(xiv) The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Numerous governments and companies, have introduced a variety of measures to contain the spread of the virus. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended across the country to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Company's results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company. 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.				



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DIFFUSION

xvi) Note on Debtors			
Sr. No.	Party Name	Amount	Remarks
1	BHUSHAN POWER & STEEL LTD.SAMBALPUR	969,430	As per NCLT Order dated 05/09/2019, Operational Creditors will be given 50% of the dues. We have made provision for 50% as Bad Debts.
2	CONCAST STEEL & POWER LIMITED	140,611	The company is under liquidation and liquidation proceedings are in progress. Company is of view that they will receive 100%, from NCLT
3	LIGNITE POWER PRIVATE LIMITED	156,424	Claim before NCLT dt. 06, July 2020
4	ENESTEE	95,104	Claim before NCLT dt. 08, October 2020

3	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	121,650	ACCURATES (INDIA),LUDHIANA
	b	860,484	FUSION TECH(STK)
	c	84,708	MAA INDUSTRIAL SERVICES,SONEBHADRA
d	199,268	MANGALAM TIMBER PRODUCTS LTD	
4	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	1,540,656	PIONEER INDUSTRIAL MILL STORES,(STK)
	c	177,219	RUV INDUSTRIAL PRODUCTS PVT LTD.,NAGPUR
	d	454,775	TSS GLOBAL PVT LTD.,(DISTRIBUTOR)
	e	708	FUSION TECH(STK)
f	14,935	MAA INDUSTRIAL SERVICES,SONEBHADRA	

xvi) Board of Directors proposes 15% Dividend on Equity shares subject to approval in AGM

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

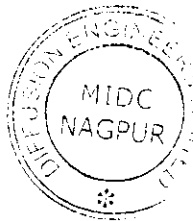
As per our report of even date
For P. R. Bhuta & Co.
Chartered Accountants

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

PANKAJ BHUTA
Proprietor
Membership Number: 31820
Place : Mumbai



24 SEP 2021



PRASHANT GARG
Chairman & Managing Director
DIN : 00049106
Place : Nagpur

24/09/2021

Ajay Jain

AJAY JAIN
Director
DIN : 02815416
Place: Nagpur

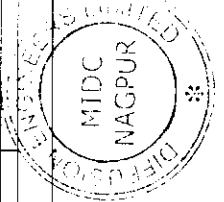
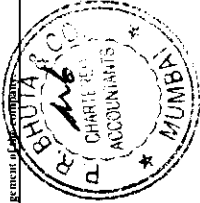
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RELATED PARTY DISCLOSURES UNDER ACCOUNTING STANDARD (AS) 18

- A Parties where control exists**
Subsidiary Companies
- M/s. Diffusion Super Conditioning Services Private Limited
 - M/s. Novetico Industries Private Limited
 - M/s. Diffusion Hermon Adhesive & Sealants Pvt. Ltd.
 - M/s. Diffusion Engineers Singapore Pte. Ltd.
- Step-down Subsidiary**
- M/s. Diffusion Wear Solutions Philippines Inc. (Subsidiary of M/s Diffusion Engineers Singapore Pte. Ltd.)
- Associate of Subsidiary**
- M/s. Mecdiff Sd. Bhd. (Associate of M/s Diffusion Engineers Singapore Pte. Ltd.)
- B Joint Venture**
- LSN Diffusion Ltd.
- C Common Key Management Personnel**
- M/s. Diffusion MGM Machines Pvt Ltd.

E Transactions with Related Parties :

Type of the related Party	Name of the related party	Description of the nature of Transactions	Volume of transactions during		Amounts Outstanding			
			FY 20-21	FY 19-20	Receivable	FY 19-20	FY 20-21	Payable
Subsidiary Companies	Diffusion Super Conditioning Services Pvt. Ltd	Sale	8,03,037					
		Total Debt Notes towards expenses	137,844	392,285		530,322		
		Purchase	327,520				493,716	
		Total	19,359,676	7,539,708		6,392,981		
		Sale	1,042,793	690,282		5,424,113		
		Total Debt Notes towards expenses	298,701	2,452,924		7,912,284		5,216,279
		Interest Income (Gross)				2,004,250		
		Sale	2,658,029	70,1528				
		Purchase	992,261					
		Rent Receipt	191,160	212,160				
Total	328,910	193,167						
Step-down Subsidiary	Diffusion Engineers Singapore Pte. Ltd.	Sale	38,136,534	30,039,390		19,408,316		33,384,363
		Debit / Credit due to exchange fluctuation	(1,95,686)	1,593,710				
		Sale	14,552,929	1,115,650		4,388,936		2,083,013
		Total Debt Notes towards expenses						
		Debit / Credit due to exchange fluctuation	(3,00,039)			156,205		
		Sale	14,320,226	10,402,955		9,281,761		3,095,587
		Purchase						
		Debit / Credit due to exchange fluctuation	21,807	272,541				
		Purchase	2,717,846					
		Total	63,257	85,983				
Joint Venture	LSN Diffusion Ltd	Total Credit Notes Towards Commission	379,053	123,393				
		Debit / Credit due to exchange fluctuation	12,000,000	12,000,000				
		Remuneration						
		Rent	390,762	555,000				
		Medical Re-embursement	27,801					
		Leave Encashment						
		Commission	1,801,000	2,350,000				
		Dividend	5,000,000	2,731,272				
		Commission	250,000	250,000				
		Salary	1,292,336	859,000				
Relatives of Key Management Personnel	Ms. Neha Garg	Dividend	32,774					
		Commission	250,000	250,000				
		Rent	2,280,230	1,014,900				
		Dividend	2,973,786	3,988,612				
		Rent	166,455	164,400				
		Dividend	1,444,300	1,195,588				
		Dividend	3,701,611	1,284,438				
		Dividend	55,000	40,000				
		Dividend	700	800				
		Total Debt Notes towards expenses						11,500



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Note: Related party relationship has been identified by management of company

SEGMENT REPORTING UNDER ACCOUNTING STANDARD (AS) 17

Business Segment

Particulars	Manufactured Products		Trading Products		Job Works		Eliminations / Unallocated		Consolidated Total	
	2020-2021	2019-2020	2020-2021	2019-2020	2020-2021	2019-2020	2020-2021	2019-2020	2020-2021	2019-2020
	a) Revenues									
External Sales (Net of excise duty)										
Local	1,124,221,908	1,153,585,281	86,307,540	75,531,974	105,770,723	74,858,214	-	-	1,316,300,171	1,318,950,038
Export	181,071,712	126,586,580	2,807,598	14,303,234	4,300,198	3,673,159	-	-	188,179,508	144,562,973
Inter-Segment		8,314,262								
Total Revenue	1,305,293,620	1,288,486,123	89,115,138	89,835,208	110,070,920	78,531,374	-	(8,314,262)	1,504,479,679	1,463,513,011
Identifiable Operating Expenses	915,136,583	921,654,879	55,968,010	56,076,712	62,534,009	51,134,703	-	8,314,262	1,033,638,601	1,037,180,556
b) Segment results before interest & tax	390,157,038	366,831,244	33,147,129	33,758,496	47,536,911	27,396,671	-	(1,653,956)	470,841,077	482,444,608
c) Interest & Other Income									36,146,932	36,960,557
d) Unallocated expenses									355,027,752	403,055,450
e) Profit before tax									151,960,257	142,583,194
f) Tax Expense									47,383,384	35,560,793
g) Net Profit after tax									104,576,874	100,587,578
h) Segment assets	566,232,425	494,005,925	46,653,845	56,902,067	15,694,342	17,383,434	-	-	628,580,612	1,327,735,509
i) Segment liabilities	165,990,610	187,118,511	176,539	6,422,119	65,516,536	65,516,536	-	-	231,683,685	252,811,586
j) Capital Expenditure										
k) Depreciation and amortisation	20,782,181	16,376,067			1,752,490	948,189	14,864,989	11,184,811	37,399,660	30,532,557
l) Other Significant Non Cash Expenses							12,890	10,916,459	12,890	12,890

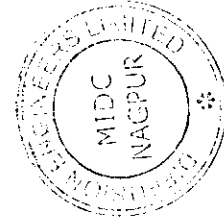
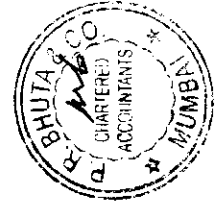
Notes:

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.



Signature



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIFFUSION ENGINEERS LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **DIFFUSION ENGINEERS LIMITED** (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities, which comprise the consolidated Balance Sheet as at March 31, 2021, and the consolidated statement of Profit and Loss, and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 their consolidated state of affairs of the Company as at March 31, 2021, of consolidated profit, and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by ICAI, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively

for ensuring 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

Other Matters

(a) We did not audit the financial statements of four subsidiaries, whose financial statements reflect total assets of Rs.96,084,463/- as at 31st March, 2021, total revenues of Rs.1,07,144,786/- and net cash flows amounting to Rs.-13,562,993/- for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of Rs.20,299,531/- for the year ended 31st December, 2020, as considered in the consolidated financial statements, in respect of associate, whose financial statements have not been audited by us. These Standalone financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- (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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities— Refer Note 27 to the consolidated financial statements.
 - ii. The holding Company and its subsidiary companies did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies incorporated in India.

For P. R. Bhuta & Co.

FRN: 101471W

Chartered Accountants

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Pankaj Bhuta

Proprietor

Membership Number: 31820

UDIN: 21031820AAAABE5656

Place : Mumbai
Date : 24.09.2021

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(REFERRED TO IN PARAGRAPH 1 UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT OF EVEN DATE)

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

Opinion

We have audited the internal financial controls over financial reporting of **DIFFUSION ENGINEERS LIMITED** (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") as of March 31, 2021 in conjunction with our audit of the consolidated 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.

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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 P. R. Bhuta & Co.

FRN: 101471W

Chartered Accountants

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Pankaj Bhuta

Proprietor

Membership No: 31820

UDIN: 21031820AAAABE5656

Place : Mumbai

Date : 24.09.2021

DIFFUSION ENGINEERS LTD					
CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2021					
PARTICULARS	NOTES	As At March 31, 2021		As At March 31, 2020	
<u>EQUITY AND LIABILITIES</u>					
Shareholder's funds					
(a) Parent's Share Capital	3	37,374,670		37,374,670	
(b) Reserves and Surplus	4	995,236,501	1,032,611,171	914,286,576	951,661,246
Minority Interest	5	1,661,587	1,661,587	2,246,895	2,246,895
Non-current liabilities					
(a) Long-term borrowings	6	80,647,109		116,317,805	
(b) Other Long-Term Liabilities	7	7,371,760		7,374,769	
(c) Deferred Tax Liabilities (net)		34,827,096	122,845,965	26,300,460	149,993,034
Current Liabilities					
(a) Short term borrowings	8	116,251,884		205,755,827	
(b) Trade payables	9	189,470,793		218,613,745	
(c) Other current liabilities	10	70,213,816		167,962,380	
(d) Short term provisions	11	(6,270,493)	369,666,000	(6,790,731)	585,541,222
TOTAL			1,526,784,723		1,689,442,396
<u>ASSETS</u>					
Non-current assets					
(a) Fixed assets	12				
(i) Tangible assets		566,933,359		612,597,905	
(ii) Intangible assets		2,174,918		2,828,459	
(iii) Capital work-in-progress		-		-	
(iv) Intangible assets under development		-	569,108,277	-	615,426,365
(b) Non-current investments	13		106,245,151		133,673,459
(c) Long-term loans and advances	14		45,666,790		49,019,808
Current assets					
(a) Inventories	15	295,287,902		467,814,317	
(b) Trade receivables	16	409,292,327		344,668,334	
(c) Cash and Cash equivalents	17	46,793,676		28,254,402	
(d) Short-term loans and advances	18	54,390,599	805,764,503	50,585,711	891,322,764
TOTAL			1,526,784,723		1,689,442,396
Contingent Liabilities	27(ii)				
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



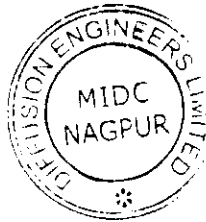
PANKAJ BHUTA

Proprietor

Membership Number: 31820

Place : Mumbai

Date : 24 SEP 2021



For and on behalf of the Board of Directors of

Diffusion Engineers Limited

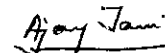

PRASHANT GARG

Chairman & Managing Director

DIN :- 00049106

Place : Nagpur

Date : 24/09/2021


AJAY JAIN

Director

DIN :- 02815416

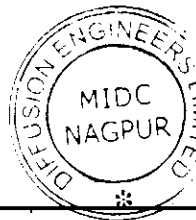
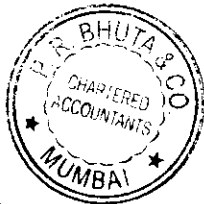
Place : Nagpur

Date : 24/09/2021

DIFFUSION ENGINEERS LTD						
CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE PERIOD 31 MARCH 2021						
PARTICULARS		NOTES	As At March 31, 2021		As At March 31, 2020	
i	Revenues from operations	19	1,552,633,170		1,540,715,887	
ii	Other income	20	17,373,228		28,058,627	
iii	Total Revenue			1,570,006,398		1,568,774,514
iv	Expenses					
	Cost of material consumed	21	599,858,190		824,923,597	
	Purchase of Traded goods (inclusive of Stock-in-Transit)		59,870,771		50,737,215	
	Direct Expenses	22	176,387,072		200,288,849	
	Changes in inventories	23	168,496,090		(101,193,899)	
	Employee benefit expenses	24	241,435,757		268,351,311	
	Finance costs	25	20,004,433		19,501,711	
	Depreciation expenses and amortisation expenses	12	38,986,193		31,889,469	
	Others expenses	26	98,286,382		128,201,698	
	Total expenses			1,403,324,887		1,422,699,951
v	Profit before exceptional and extraordinary items and tax			166,681,511		146,074,562
vi	Prior Period Items			-		-
vii	Profit before income tax			166,681,511		146,074,562
viii	Tax expenses:					
	Current income tax		43,763,567		33,732,360	
	Short / (Excess) Provision for Income Tax					
	Deferred income tax		7,014,346	50,777,913	5,812,112	39,544,473
	Profit Before CSR for the period(vii-viii)			115,903,598		106,530,090
	CSR for the Period			2,372,856		2,297,489
ix	Profit after tax before share in profit of associates & minority interest			113,530,742		104,232,600
	Add/Less:- Minority Interest			(585,308)		(405,175)
	Add:- Shares in Profit & (Loss) of Associates			(20,299,531)		6,766,555
x	Profit for the period			93,816,520		111,404,330
	Earnings per equity share:					
	Basic			25.10		29.81
	Diluted			25.10		29.81

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

PANKAJ BHUTA
Proprietor
Membership Number: 31820
Place : Mumbai
Date : 24 SEP 2021



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

PRASHANT GARG
Chairman & Managing Director
DIN :- 00049106
Place : Nagpur
Date : 29/09/2021

AJAY JAIN
Director
DIN :- 02815416
Place : Mumbai
Date : 29/09/2021

DIFFUSION ENGINEERS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH 2021

		AS At March 31, 2021		AS At March 31, 2020	
PARTICULARS					
A.	CASH FLOW FROM OPERATING ACTIVITIES:				
	Net Profit before tax		166,681,511		146,074,562
	Adjustments for :				
	Bad Debts Written off	3,091,167		4,849,245	
	Write Back	(2,663,132)		(4,417,535)	
	Depreciation	38,986,193		31,889,469	
	Dividend on Investments	(318,127)		(146,321)	
	Interest and Finance Charges	20,004,433		19,501,711	
	Interest Income	(1,517,290)		(3,741,922)	
	Loss / (Surplus) on Sale of Fixed Assets / Investments (Net)	(3,818,062)		(3,850,553)	
	Inter Company Stock Reserve	-		-	
	CSR	(2,372,856)		(2,297,489)	
			51,392,326		41,786,605
	Operating Profit before Working Capital changes		218,073,836		187,861,167
	Adjustment for :				
	Inventories	172,526,416		(122,172,231)	
	Trade Receivables	(67,715,160)		(13,841,192)	
	Short-term loans and advances	(451,871)		(20,713,704)	
	Trade Payables & Other Liabilities	(204,685,453)		110,216,588	
			(100,326,068)		(46,510,538)
	Cash generated from Operations		117,747,768		141,350,629
	Direct Taxes Paid		(50,777,913)		(39,544,473)
	Net Cash Flow from Operating Activities (A)		66,969,855		101,806,157
B.	CASH FLOW FROM INVESTING ACTIVITIES:				
	Inflow / (Outflow) on account of :				
	Dividend on Investments	318,127		146,321	
	Profit/(loss) on sale of Investments	3,818,062		(16,336,358)	
	Interest Income	1,517,290		3,741,922	
	(Purchases) / Sales of Fixed Assets (Net)	7,331,894		(228,717,921)	
	(Purchases) Capital W.I.P	-		2,769,865	
	(Purchases) / Sales of Investments (Net)	7,128,777		13,156,966	
	Net Cash Flow from Investing Activities (B)		20,114,151		(225,239,205)
C.	CASH FLOW FROM FINANCING ACTIVITIES:				
	Proceeds / (Repayment) from/of Secured Loans	(35,673,705)		168,992,696	
	Interest and Finance Charges	(20,004,433)		(19,501,711)	
	Dividend paid (including tax on dividend)	(13,081,135)		(9,011,426)	
	Net Cash Flow from Financing Activities (C)		(68,759,272)		140,479,559
D.	FOREIGN EXCHANGE TRANSLATION RESERVE		214,540		(6,740,703)
	Net Increase / (Decrease) in Cash and Cash Equivalents [A+B+C+D]		18,539,274		10,305,807
	Cash and Cash Equivalents as at the beginning of the year	28,254,402		17,945,963	
	Cash and Cash Equivalents as at the end of the year	46,793,676		28,251,771	
			18,539,274		10,305,807
	Reconciliation to Cash and Bank Balances given in Schedule 6:				
	Cash and Bank Balance as at the year end		46,793,676		17,945,963
	Less:				
	Balances in Fixed Deposit accounts kept as security for Overdraft		2,021,918		2,008,888
	Cash and Cash Equivalent as at the year end		44,771,758		15,937,075

Previous year figures have been re-grouped, re-classified and re-arranged wherever necessary.

As per our report of even date

For P. R. Bhuta & Co.

Chartered Accountants

F.R.N. : 101471W

P. R. Bhuta
PANKAJ BHUTA

Proprietor

Membership Number: 31820

Place : Mumbai

Date : 24 SEP 2021



For and on behalf of the Board of Directors of

Diffusion Engineers Limited

P. Prashant Garg
PRASHANT GARG

Chairman & Managing Director

DIN :- 00049106

Place : Nagpur

Date : 24/09/2021

Ajay Jain

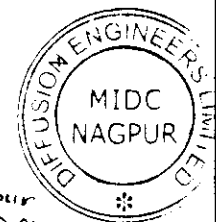
AJAY JAIN

Director

DIN :- 02815416

Place : Mumbai Nagpur

Date : 24/09/2021



NOTES TO ACCOUNTS**Note No. 1 : COMPANY BACKGROUND**

Diffusion Engineers Limited is an ISO 14001 & 18001 & Associates 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) The financial statements of the holding company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions.

(iii) Significant accounting policies and notes to the Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide for better understanding of consolidated position of the Companies. Recognizing this purpose, the Company has disclosed only such Policies and Notes from the individual financial statements which fairly present the needed disclosure.

(iv) 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.

(v) 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 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 GST on accrual basis.

(vi) Fixed Assets and Depreciation

a) Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. All costs relating to the acquisition and installation of fixed 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 fixed assets of holding company, depreciation on tangible fixed assets 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 and capital work in progress.

In respect of the fixed assets of subsidiaries and associate companies which have been consolidated, depreciation on tangible fixed assets is consistently provided on written down value 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 and capital work in progress.

(vii) 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.

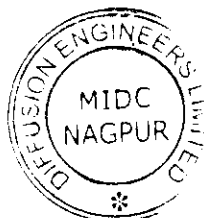
Work in Progress and Finished goods are valued at lower of cost and net realizable value. Cost includes cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of finished goods includes excise duty.

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.

(viii) 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.



(ix) 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.

(x) 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.

(xi) 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.

(xii) 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 reassess realisation.

(xiii) Impairment of Assets:

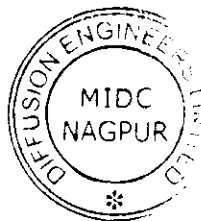
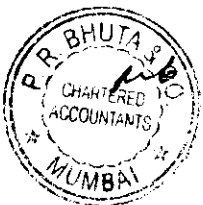
The carrying amounts of the assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized whenever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the greater 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.

(xiv) 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.

(xv) Classification of Current/Non Current

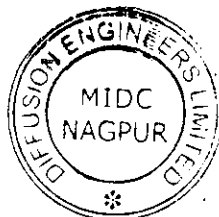
All assets and liabilities are presented as Current or Non Current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule III of Companies Act 2013. Based on the nature of the products and the time between the acquisition of assets for processing and their realisation, the Company has ascertained its operating cycle as 12 months for the purpose of Current/ Non-Current classification of assets & liabilities.



Prashant

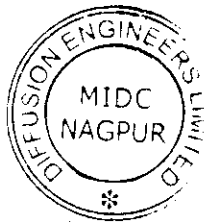
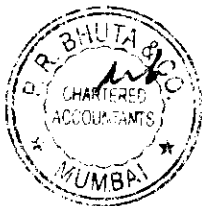
DIFFUSION

CONSOLIDATED NOTES TO ACCOUNTS		
DIFFUSION ENGINEERS LTD		
PARTICULARS		
NOTE No -3 SHARE CAPITAL		
	As At March 31, 2021	As At March 31, 2020
<u>AUTHORISED</u>		
50,00,000 Equity Shares of Rs 10/- each	50,000,000	50,000,000
	50,000,000	50,000,000
<u>PARENT'S SHARE CAPITAL</u>		
37,37,467 Equity shares of Rs 10/- each (Refer Note No 27 (iii))	37,374,670	37,374,670
	37,374,670	37,374,670
NOTE No. -4 RESERVES AND SURPLUS		
	As At March 31, 2021	As At March 31, 2020
Securities Premium Account	29,364,695	29,364,695
Capital Redemption Reserve	4,721,500	4,721,500
Capital Investment Subsidy	77,259	77,259
Capital Reserve	17,423,758	15,923,758
Less: Investment of Subsidiary	1,500,000	
<u>General Reserve</u>		
Opening balance	122,048,683	122,048,683
Add: Transferred from profit & loss a/c	-	-
Closing Balance	(11,089,122) 754,872,917	122,048,683
<u>Profit & Loss Account</u>		
Opening Balance	765,962,039	662,689,285
Add : Profit as per statement of profit & loss	93,816,520	111,404,330
Add : Transfer from Minority	-	879,850
Less:- Inter-Company Stock Reserve	-	-
	859,778,559	774,973,465
Less : Final Dividend for A Y 2020-21	5,606,201	-
Less : Interim Dividend	7,474,934	7,474,934
Less : Proposed Dividend for A Y 2020-21	-	-
Less : Corporate Dividend Tax	-	1,536,492
Less : Share of Reserves from Associates Company	-	-
Less : Transfer to General Reserve	-	-
Closing Balance	846,697,424	765,962,039
Share of Loss on investment	(18,615,128)	(18,615,128)
Foreign Exchange Difference	(4,981,690)	(5,196,230)
	995,236,501	914,286,576
NOTE No. -5 MINORITY INTEREST		
	As At March 31, 2021	As At March 31, 2020
Minority Interest	1,661,587	2,246,895
Share in Reserves	-	-
	1,661,587	2,246,895



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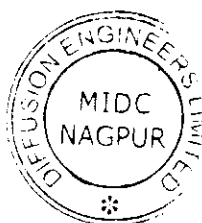
NOTE No. -6 LONG TERM BORROWINGS		
	As At March 31, 2021	As At March 31, 2020
SECURED LOANS		
From HDFC Bank Loan (For Vehicle) (Secured against Hypothecation of Audi Car Q7 45 Tdi)	443,675	2,981,761
From HDFC Bank (For Nimji Plant Expansion)	80,203,434	113,336,045
	80,647,109	116,317,805
NOTE No. -7 OTHER LONG TERM LIABILITIES		
	As At March 31, 2021	As At March 31, 2020
Vehicle/Laptope Scheme	2,091,137	2,019,146
Deposit From Distributors	5,280,623	5,355,623
	7,371,760	7,374,769
NOTE No. -8 SHORT TERM BORROWINGS		
	As At March 31, 2021	As At March 31, 2020
SECURED LOANS		
From HDFC Bank (Secured against Mortgage of building & fixed assets)	94,145,113	161,796,750
From Syndicate bank Overdraft (Secured against book debts & hypothication of Stock)	4,563,453	15,006,784
Overdraft (ODD) (Secured against Fixed Deposits)	4,563,453	590,719
From YES Bank Cash Credit (CC) (Secured against book debts & hypothication of Stock)	17,543,318	22,568,233
From State Bank of India (ODD) (Secured against Fixed Deposits)	-	5,793,342
From ICICI Bank Overdraft (Secured against book debts & hypothication of Stock)	-	-
Working Capital Demand Loan	-	-
Advance Received From Related Parties	-	-
	116,251,884	205,755,827
NOTE No. -9 TRADE PAYABLES		
	As At March 31, 2021	As At March 31, 2020
Sundry Creditors:		
Due to Micro,Medium and Small Enterprises	12,866,429	7,876,161
Others	176,604,364	210,737,584
	189,470,793	218,613,745



Prashant

DIFFUSION

NOTE No. -10 OTHER CURRENT LIABILITIES		
	As At March 31, 2021	As At March 31, 2020
Amount Payable To Related Parties	(21,436,334.18)	3,996,158
Other Payables		
Statutory Remittances	16,949,577	6,408,309
Liabilities For Expenses	15,545,092	56,440,441
Staff/Branch Imprest	-	-
Advance Received from customers	15,256,574	98,357,601
Other Credit Balances	43,191,064	2,749,621
Covid Incentive	697,594	10,250
Mobile Scheme	10,250	163,966,223
	91,650,150	
	70,213,816	167,962,380
NOTE No. -11 SHORT TERM PROVISIONS		
	As At March 31, 2021	As At March 31, 2020
Provision for Leave encashment	2,169,684	2,305,929
	1,113,925	3,283,609
Provision for Tax- Net of Advance Tax	(9,554,102)	(9,096,660)
	(6,270,493)	(6,790,731)
NOTE No. -13 NON CURRENT INVESTMENTS		
	As At March 31, 2021	As At March 31, 2020
Non-Trade Investments		
<u>Quoted</u>		
Syndicate Bank Equity Share	17,000	17,000
In Mutual Fund	72,019,790	78,999,531
<u>Subsidiaries Investment</u>		
DSCS -National Saving Certificate	12,600	12,600
DSCS -Newelco Industries Pvt Ltd	-	-
Investment in Philippines	-	-
Investment in Meediff	3,036,895	3,017,981
Trade Investments		
<u>Unquoted</u>		
<u>In Equity Shares of Foreign Subsidiaries</u>		
Diffusion Super-Conditioning Services Pvt. Ltd.	-	-
Diffusion Engineers Singapore Pte. Ltd.	-	-
Diffusion Hemon Adhesive And Scalant Pvt. Ltd.	-	-
Newelco Industries Pvt Ltd	-	-
<u>In Equity Shares of Joint Venture</u>		
LSN Diffusion Ltd (Fully Paid Equity Shares)	31,158,867	51,626,347
	106,245,151	133,673,459
NOTE No. -14 LONG TERM LOAN AND ADVANCES		
	As At March 31, 2021	As At March 31, 2020
<u>Statutory Advance Payments</u>		
Advance Income Tax	63,344	1,394,537
<u>Security Deposits & Fixed Deposit</u>		
Earnest Money Deposit & Security Deposit	7,146,563	8,346,511
Fixed Deposit (Security for Overdraft Facilities and Bank Guarantee) (Unsecured, considered good)	38,456,883	39,278,760
	45,666,790	49,019,808

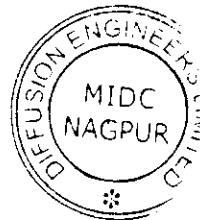


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DIFFUSION

ACCOUNTANTS

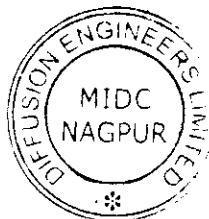
NOTE No. -15 INVENTORIES				
	As At March 31, 2021		As At March 31, 2020	
Consumables, Stores and Spare parts				
<u>Stock in trade</u>				
Raw Materials	120,714,619		136,263,794	
Work in Progress	74,090,891		159,084,788	
Finished goods & Traded Goods	76,671,325	271,476,835	162,602,849	457,951,431
Less:- Inter-Company Stock Reserve				(505,977)
<u>Stock - In - Transit</u>				
Raw Materials	20,236,211		6,224,604	
Consumables, Stores and Spare parts	1,145,525		730,367	
Traded Goods	2,429,330	23,811,066	3,413,893	10,368,864
		295,287,902		467,814,317
NOTE No. -16 TRADE RECEIVABLES				
	As At March 31, 2021		As At March 31, 2019	
(Unsecured, considered good)				
Outstanding for a period exceeding six months		52,113,049		-
Other Debts		357,179,278		344,668,334
		409,292,327		344,668,334
NOTE No. -17 CASH AND CASH EQUIVALENT				
	As At March 31, 2021		As At March 31, 2020	
<u>Balances with Scheduled Banks</u>				
In Current Accounts	44,124,297		25,621,819	
In Dividend Accounts	6,502		5,646	
In Deposit Accounts - Principal & Accrued Interest	2,021,918	46,152,717	1,851,065	27,478,530
Cash in Hand		640,959		775,871
		46,793,676		28,254,402
NOTE No. - 18 SHORT TERM LOAN AND ADVANCES				
	As At March 31, 2021		As At March 31, 2020	
Loans and advances to related parties		7,912,284		6,126,431
Preliminary Expenses		124,778		166,370
<u>Advances with Government Authorities</u>				
Excise Duty & Service Tax	38,867		38,867	
IGST Receivable	22,789		750,011	
CGST Receivable	7,845		5,902,330	
SGST Receivable	31,243		6,278,686	
TDS on GST	-		-	
Custom Duty Advance	23,481		125,124	
Income Tax Refund	77,038		-	
Duty Drawback Receivable	825,694		671,513	
Advance income tax	1,604,696		-	
Meis License (Export Incentive Receivable)	-		455,507	
PSI Incentive Receivable	16,768,155		10,099,850	
VAT & Sales Tax	1,989,830		2,449,738	
		21,389,637		26,771,626
<u>Other Short term loans & advances</u>				
(Unsecured & considered good)				
Deposits Recoverable	8,224,761		8,656,514	
Staff Advance	2,478,701		1,927,259	
Advance to others	14,260,439		6,937,510	
		24,963,901		17,521,284
		54,390,599		50,585,711



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DIFFUSION

NOTE No. -19 REVENUES FROM OPERATIONS				
PARTICULARS	As At March 31, 2021		As At March 31, 2020	
Sale of Products & Services				
Sales (Manufacturing)	1,120,000,092		1,211,939,814	
Less: Returns	10,406,901	1,109,593,192	22,711,003	1,189,228,811
Sales (Trading)	86,585,970		77,157,545	
Less: Returns	278,430	86,307,540	1,625,570	75,531,974
Export Sales		183,879,311		140,889,814
Job Work Receipt:				
Local	149,954,399		116,417,560	
Export	4,300,198	154,254,597	3,673,159	120,090,719
Less:- Excise Duty				
Other Operating Revenues				
Insurance, Licenses & Packing on Sales	15,901,706		13,059,304	
Duty Drawback	2,696,825	18,598,531	1,915,264	14,974,568
		1,552,633,170		1,540,715,887
NOTE No. - 20 OTHER INCOME				
PARTICULARS	As At March 31, 2021		As At March 31, 2020	
Profit on Sale of Assets		3,818,062		3,850,553
Insurance Claim		1,009,396		422,984
Dividend Received		318,127		146,321
PSI Incentive Received		6,677,981		5,000,000
Interest Received		1,517,290		3,741,922
Meis Licence A/C		465,486		4,261,507
Net Gain on Foreign Exchange Fluctuations		-		6,005,274
Write Back of Liabilities / Impairment reversed		2,663,132		4,417,535
Rent Received		(29,160)		(56,160)
Other Income		932,913		268,691
		17,373,228		28,058,627
NOTE No.-21 COST OF MATERIAL CONSUMED				
PARTICULARS	As At March 31, 2021		As At March 31, 2020	
Raw Material Consumed				
Opening Stock	129,196,560		117,905,533	
Add: Purchases (inclusive of Stock-in-Transit)	582,741,175		834,802,056	
	711,937,734		952,707,589	
Less: Closing Stock (inclusive of Stock-in-Transit)	112,079,544	599,858,190	127,783,992	824,923,597
		599,858,190		824,923,597
NOTE No. -22 DIRECT EXPENSES				
PARTICULARS	As At March 31, 2021		As At March 31, 2020	
Consumption of Consumables, Stores and Spare parts (inclusive of Stock-in-Transit)		36,870,129		42,778,302
Laboratory Expenses		-		-
Custom Duties		10,033,060		6,099,121
Job Work Charges		72,083,460		86,044,798
Labour Charges		13,210,664		17,379,509
Carriage Inward & Clearing Charges		13,363,085		16,051,168
Power & Fuel		30,311,257		31,605,593
Lease Rental		220,339		
Water Charges		295,078		330,357
		176,387,072		200,288,849



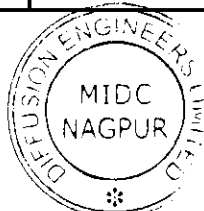
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NOTE No. -23 CHANGE IN INVENTORIES		
PARTICULARS	As At March 31, 2021	As At March 31, 2020
Closing Stock		
Work in Progress	74,090,891	159,084,788
Finished Goods	36,748,617	115,949,004
Traded Goods (inclusive of Stock-in-Transit)	42,352,039	46,653,845
	<u>153,191,547</u>	<u>321,687,637</u>
Less: Opening Stock		
Work in Progress	159,084,788	110,512,295
Finished Goods	115,949,004	53,079,376
Traded Goods	46,653,845	56,902,067
	<u>321,687,637</u>	<u>220,493,738</u>
Change in Inventories	(168,496,090)	101,193,899
Excise Duty on Increase/Decrease of Finished Goods	-	-
	(168,496,090)	101,193,899

NOTE No. -24 EMPLOYEE BENEFIT EXPENSES		
PARTICULARS	As At March 31, 2021	As At March 31, 2020
Salaries, Wages, Bonus & Ex-gratia	188,668,933	209,336,208
Sales Commission to Staff	2,751,823	2,735,312
Company's Contribution to PF, ESIC & Others	12,491,733	14,161,293
Gratuity	2,240,849	4,863,648
Directors Remuneration	12,485,113	27,639,354
Directors' Commission	5,825,000	3,075,000
Staff Training and Recruitment	(1,370)	501,695
Staff Welfare	2,183,280	3,826,963
Workman Compensation	1,600,000	-
Covid Incentive	11,458,506	-
Leave Travel Allowance & Other Allowance	1,731,890	2,211,838
	241,435,757	268,351,311

NOTE No. - 25 FINANCE COST		
PARTICULARS	As At March 31, 2021	As At March 31, 2020
Bank Interest	16,209,598	12,244,130
Bank Charges	2,417,743	6,065,072
Other Interest	1,377,092	1,192,508
	20,004,433	19,501,711

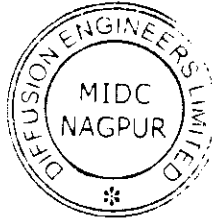
NOTE No. - 26 OTHER COST		
PARTICULARS	As At March 31, 2021	As At March 31, 2020
Rates & Taxes	1,965,145	951,679
Security Charges	4,738,735	4,863,263
Insurance	4,528,745	3,111,503
Foreign Travel Expenses	562,697	4,728,318
Foreign Technical Fees	-	57,520
Postage, Telegram, Telex & Telephone	1,925,015	2,476,553
Printing & Stationery	55,017	146,318
Travelling Expenses & Conveyance:	11,854,714	27,017,268
Rent	4,638,616	4,473,310
Office Maintenance & Factory Expenses	748,250	1,102,235
Repairs & Maintenance:		
Building	-	2,719,270
Machinery	728,947	2,486,626
Vehicles	2,667,412	3,775,124
Others	2,465,349	189,557
Legal & Professional Charges	9,388,274	12,804,172
I. S. O. & R.D.S.O Expenses	80,000	118,416
Membership & Subscription, Books & Periodicals	563,808	347,644
Freight on Raw Material	24,607	-
Donation & Charity	-	362,000
Registration Fees	82,615	104,040
Board Meeting Expenses	497	23,550
Filing Fees	41,500	22,277
Directors' Sitting Fees	560,000	910,000
Service Tax	-	-
Other Expenses	2,752,774	3,255,007
Pooja, Diwali & Gift Expenses	117,110	544,706



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DIFFUSION

Statutory and Tax Audit Fees	1,078,159	864,046
Sales Tax Paid	-	2,515,543
GST Paid	56,578	498,959
Company Profession Tax	14,625	18,000
Website Development Expenses	4,950	310,200
Carriage Outward & Handling Charges	28,292,865	24,528,208
Advertisement	719,708	902,510
Sales Promotion (Including Entertainment)	1,054,800	470,199
Tender Fees	56,576	21,986
Commission & Discount to Distributors & others	8,142,647	11,977,875
Exhibition, seminar & New Product Launching	25,162	1,706,894
Testing Charges	870,653	902,518
Late Delivery Charges	2,441,813	2,110,900
Bad Debts & Write Off	3,091,167	4,849,245
Net Loss on Foreign Exchange Fluctuations	1,802,593	18,510
Rate / Weight Differences	140,576	(84,251)
Income Tax Paid	3,683	
	98,286,382	128,201,698



Prakash K. K.

Diffusion Engineers Limited & Associates

Note 12 Consolidated Fixed assets

ASSETS	Gross Block									
	Balance as at 31 March, 2020	Additions	Disposals	Acquisitions through business combinations	Reclassified as held for sale	Revaluation increase	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments	Balance as at 31 March, 2021
TANGIBLE ASSETS										
(a) Land Freehold	86,728,098									86,728,098
(b) Buildings Own use	319,945,054	6,125,574	5,579,226							320,491,401
(c) Plant and Equipment Owned	507,731,596	7,611,632	19,535,345							495,807,883
(d) Furniture and Fixtures Owned	16,680,758	321,648								17,002,406
(e) Vehicles Owned	32,998,523	3,467,118	729,185							35,736,456
(f) Office equipment Owned	6,344,102									6,344,102
(g) Others Air-Conditioners	2,992,593									2,992,593
Computers	15,681,586	628,508	106,840							16,203,253
Projectors	885,509	241,727								1,127,236
Spectrometer	7,569,180									7,569,180
Weighing Machines	1,773,070	12,723								1,785,793
INTANGIBLE ASSETS										
(h) Technical Know-how	31,001,397									31,001,397
(i) Software	15,695,552	210,000								15,905,552
Total	1,046,027,016	18,618,929	25,950,596							1,038,685,349
Previous year	818,345,853	231,740,798	4,059,635							1,046,027,016
Capital Work In Progress										

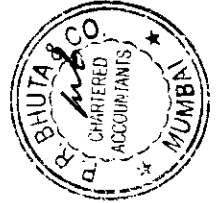


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Note 12 Fixed assets (contd.)

ASSETS	Accumulated depreciation and impairment							Net block	
	Balance as at 1 April, 2020	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Eliminated on reclassification as held for sale	Impairment losses recognised in statement of profit and loss	Reversal of impairment losses recognised in Statement of Profit and Loss	Other adjustments	Balance as at 31 March, 2021	Balance as at 31 March, 2020
TANGIBLE ASSETS									
(a) Land									
Freehold Buildings									
Own use	64,537,745	9,550,424	-	-	-	-	-	74,088,170	128,031,415
(c) Plant and Equipment	264,688,389	22,715,224	-	-	-	-	-	286,367,082	168,736,447
Owned	9,412,454	1,074,680	-	-	-	-	-	10,487,134	6,671,320
(d) Furniture and Fixtures	18,780,000	2,780,720	-	-	-	-	-	21,560,720	15,220,332
Owned	5,394,815	956,441	-	-	-	-	-	6,351,256	1,691,320
(f) Office equipment	2,315,292	191,234	-	-	-	-	-	2,506,526	618,670
Owned	14,374,919	577,743	-	-	-	-	-	14,952,662	1,502,212
(g) Others	668,742	25,751	-	-	-	-	-	694,493	211,365
Air-Conditioners	6,143,113	218,056	-	-	-	-	-	6,361,169	1,648,282
Computers	1,453,450	32,379	-	-	-	-	-	1,485,829	317,842
Projectors									
Spectrometer									
Weighing Machines									
INTANGIBLE ASSETS									
(h) Technical Know-how	30,867,319							30,867,319	134,078
(i) Software	13,001,171	863,541						13,864,711	3,569,424
Total	431,637,409	38,986,193						469,587,072	418,597,913
Previous year	399,747,940	31,889,469						431,637,409	418,597,913
Capital Work In Progress									



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NOTE No. -27 NOTES ON ACCOUNTS

(All amounts in `)

(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) **Following is the additional disclosure required under Schedule III as per Company Act 2013**

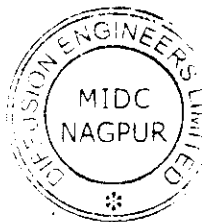
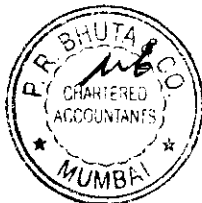
(a) The Consolidated Financial Statements present the Consolidated Accounts of Diffusion Engineers Limited with its following Subsidiaries (and its subsidiary & associate), Associate & common key management personal:

NAME	Country of Incorporation	F.Y. 2020-21		F.Y. 2019-20	
		No of Shares	% of Holding	No of Shares	% of Holding
Subsidiaries :-					
Indian					
1. Diffusion Super-Conditioning Services Pvt Ltd.	India	3,760	98.95	3,760	98.95
2. Nowelco Industries Pvt. Ltd.	India	833,931	66.95	833,931	66.95
3. Diffusion Herson Adhesive & Sealant Pvt. Ltd	India	95,000	95	95,000	95
Foreign					
1. Diffusion Engineers Singapore Pte. Ltd.	Singapore	250,217	100	250,217	100
2. Diffusion Wear Solutions Philippines Inc. *	Philippines	9,000,000	100	9,000,000	100
Foreign Joint Ventures :-					
1. LSN Diffusion Ltd.	United Kingdom	754,450	21.56	754,450	21.56
Foreign Associate :-					
1. Meediff Sdn Bhd *	Malaysia	300,000	30	300,000	30

* shares held by Diffusion Engineers Singapore Pte. Ltd.

(b)

Name of the entity in the	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
	1	2	3	4
Parent- Diffusion Engineers Ltd.	101.43	1,049,081,987	79.84	90,639,071
Indian & Foreign Subsidiaries:-				
1. Diffusion Super-Conditioning Services Pvt. Ltd.	0.67	6,971,212	0.23	260,237
2. Nowelco Industries Pvt. Ltd.	0.42	4,294,926	(0.64)	(728,913)
3. Diffusion Herson Adhesive & Sealant Pvt. Ltd.	0.16	1,633,640	0.11	120,741
4. Diffusion Engineers Singapore Pte. Ltd.	2.29	23,675,837	6.07	6,889,741
5. Diffusion Wear Solutions Philippines Inc.	2.85	29,518,526	7.44	8,444,666
Common Key Management Personnel				
1. Diffusion MGM Machines Pvt. Ltd.	-	-	(0.15)	(173,066)
Sub-total	107.82	1,115,176,128	92.88	105,452,477
Intercompany Elimination & Consolidation Adjustments	(7.82)	(80,903,370)	7.12	8,078,265
Grand total:		1,034,272,758		113,530,742
Minority Interest in subsidiaries		1,661,587		2,246,895
Share of Profit in Associates				



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

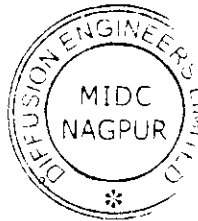
	<u>Current Year</u>	<u>Previous Year</u>
Claims against the company not acknowledge as Debt		
a. Excise Duty Liability Disputed	1,662,962	1,662,962
b. Income Tax (CPC) Demand / liability for AY 2019-20	12,480	-

(iv) **Details of Shareholders having more than 5% shares in the company as on 31 st March 2021 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]	7.98%	298,397	7.98%	298,397
2	Mrs.Chitra Garg	22.73%	849,653	22.73%	849,653
3	Mr.Prashant Garg	38.97%	1,456,593	38.97%	1,456,593
4	Dr. Nitin Garg	26.28%	982,322	26.28%	982,322

Fair Value of Investments :-

- (v)
- a) Quoted Non Trade Investment of 1,700 (Previous Year 1,700) Equity shares of Syndicate Bank at a cost of Rs. 17,000/- (Previous Year Rs.17,000/-) the Market value of which is Rs. 40,827/- (Previous Year Rs.25,755/-). The Company is now merged with Canara Bank. Swap ratio was 158 shares of Canara Bank for every 1000 shares of Syndicate Bank
- b) Unquoted Trade Investment of 754450 subscribed Equity shares of LSN Diffusion Ltd at a cost of Rs. 6,74,59,750/-(GBP 7,54,450/-) (Previous Year paid up capital Rs.6,74,59,750/-(GBP 7,54,450/-).



Prashant Garg

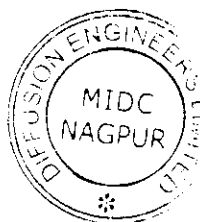
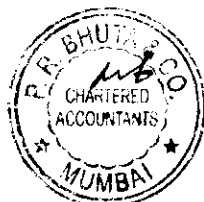
c) Mutual Fund Investment

Sr. No.	Name of Mutual Fund	Amount	No. of Units	Market Value
1	DSP Blackrock India Tiger Fund	2,968,365	34,449.187	3,817,900
	(Previous Year)	2,868,365	32,925	2,003,020
2	Franklin India Equity Advantage Fund (G)	537,575	8,517.044	838,331
	(Previous Year)	537,575	8,517	448,764
3	Franklin India Prima Fund	700,000	793.6310	994,758
	(Previous Year)	3,833,070	4,501	3,111,538
4	HDFC - Flexi Cap Fund Reg (G)	750,000	1,288.4370	1,027,465
	(Previous Year)	1,837,405	2,894	1,324,466
5	HDFC Balance Advantage Fund (G)	1,298,044	6,975.005	1,644,818
	(Previous Year)	1,198,044	6,339	952,359
6	ICICI Pru - Value Discovery Fund (G)	4,672,182	35,706.3220	6,878,109
	(Previous Year)	4,472,182	34,019	3,596,536
7	ICICI Pru - Infrastructure Fund Reg (G)	1,391,206	33,487.3610	2,045,073
	(Previous Year)	1,391,206	33,487	1,095,371
8	Absl Front Line Equity Fund	350,000	1,684.2790	473,097
	(Previous Year)	1,150,000	5,315	877,236
9	Reliance Money Manager Fund	-	-	-
	(Previous Year)	100,000	45	123,123
10	ICICI Pru -Multi Asset Fund	4,298,247	18,096.0650	5,991,908
	(Previous Year)	4,098,247	17,232	3,636,031
11	IDFC -Flexi cap Fund (G)	1,543,680	17,188.8450	1,931,167
	(Previous Year)	1,443,680	15,893	1,142,230
12	Frankline- India Bluechip Fund	650,000	1,498.864	894,080
	(Previous Year)	2,049,758	4,565	1,538,575
13	Franklin India Short Term Income Plan	23,965,905	22,263.431	28,712,088
	(Previous Year)	26,000,000	7,847	30,517,180
14	IDFC -Core Equity Fund (G)	2,750,000	63,290.4860	3,591,102
	(Previous Year)	2,650,000	60,450	1,930,155
15	L & T Infrastructure Fund	3,350,000	222,713.4010	4,046,702
	(Previous Year)	2,600,000	165,315	1,730,850
16	Mirae Asset India Equity Fund- (G)	5,479,820	102,565.35	6,718,543.00
	(Previous Year)	1,350,000	-	-
17	Kotak Flexicap Fund-Growth	5,639,820	155,575	6,994,785
	(Previous Year)	1,650,000	-	-
18	L&T Midcap Fund- (G)	1,260,000	9,801.3490	1,717,784
	(Previous Year)	1,260,000	-	-
19	Hdfe Small Cap Fund- (G)	960,000	24,741	1,307,636
	(Previous Year)	960,000	-	-
20	Axis Bluechip Fund - Regular Plan- Growth	3,199,840	96,745.0870	3,745,002.00
	(Previous Year)	-	-	-
21	Parag Parikh Long Term Equity Fund-Regular Plan- C	3,599,820	109,101	4,146,014
	(Previous Year)	-	-	-
22	Kotak Emerging Equity Fund Growth	360,000	11,858.0490	680,439
	(Previous Year)	-	-	-

(vi) Payment to Auditors:

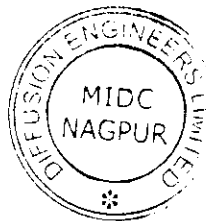
	<u>Current Year</u>	<u>Previous Year</u>
Audit Fees	360,000	360,000
Transfer Pricing	330,000	330,000
For other services rendered	42,159	143,046

(vii) Excise duty relating to sales has been disclosed as a reduction from turnover. Excise duty related to difference between the closing stock and opening stock has been disclosed in Note 22 "Change in Inventories".



Franklin

(viii) Earning Per Share :	<u>Current Year</u>	<u>Previous Year</u>
Net Profit after Tax after Prior Period Items	93,816,520	111,404,330
No. of Shares Outstanding	3,737,467	3,737,467
Weighted Average number of shares outstanding during the year	3,737,467	3,737,467
Basic & Diluted Earning Per Share [Nominal Value Rs.10/- each] (Rs.)	25.10	29.81
(ix) Break-up of Deferred Tax Assets / (Liabilities) :	<u>Current Year</u>	<u>Previous Year</u>
<u>Deferred Tax Liability:</u> Timing Difference on account of Carrying amount of Fixed Assets in the Financial Statements and the Income Tax Return	36,682,923	29,396,452
<u>Deferred Tax Assets:</u> Expense allowable for tax purpose when paid (Section 43B items)	1,855,827	3,095,993
Net Deferred Tax Assets / (Liability)	(34,827,096)	(26,300,460)
(ix) Disclosure pursuant to Accounting Standard 15 - "Employee Benefits"		
Disclosure of Defined Benefit Gratuity Plan	<u>Current Year</u>	<u>Previous Year</u>
1) <u>Changes in Present value of Obligation:</u>		
Present Value of Obligations as at the beginning of the year	14,203,433	11,725,949
Interest Cost	909,653	854,850
Current Service Cost	1,201,789	975,902
Benefits Paid	1,089,975	1,102,872
Actuarial (gain) / Loss on obligations	1,892,270	1,749,604
Present Value of Obligations as at the end of the year	17,117,170	14,203,433
2) <u>Changes in fair Value of Plan assets:</u>		
Fair Value of Plan assets at the beginning of the year	15,451,457	15,515,678
Expected return on plan assets	1,244,341	1,025,051
Contributions	3,697,664	-
Benefits Paid	1,089,975	1,102,872
Actuarial Gain / (Loss) On Plan assets	(96,832)	13,600
Fair Value of Plan assets at the end of the year	19,206,655	15,451,457
3) <u>The amount to be recognized in the Balance sheet:</u>		
Present Value of Obligations as at the end of year	17,117,170	14,203,433
Fair Value of Plan assets at the end of the year	19,206,655	15,451,457
Net assets / (Liability) recognised in Balance sheet	2,089,485	1,248,024
4) <u>Actuarial Gain / Loss recognized:</u>		
Actuarial (Gain) / Loss on Obligations	1,892,270	1,749,604
Actuarial (Gain) / Loss for the year on plan assets	96,832	(13,600)
Actuarial (Gain) / Loss recognized in the year	1,989,102	1,736,004



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5) Expenses recognized in Statement of Profit and Loss:

Current Service cost		1,201,789	975,902
Interest Cost		909,653	854,850
Expected return on plan assets		(1,025,012)	(1,025,051)
Net actuarial (Gain) / Loss recognized in the year		1,736,003	1,736,003
Expenses recognized in Statement of Profit and Loss		2,822,433	2,541,704

6) Assumption:

Discount Rate	6.77%	6.66%	7.65%	7.73%
Salary Escalation	5.00%	5.00%	5.00%	5.00%

	31-Mar-21	31-Mar-20	31-Mar-19	31-Mar-18
Present Value of Obligations	17,117,170	14,203,434	11,725,950	8,374,966
Fair Value of Plan Assets	19,206,655	15,451,457	15,515,678	13,336,344
Surplus / (Deficit) in the plan	2,089,485	1,248,023	3,789,728	4,961,378
Experience Adjustment - Obligations	1,892,270	1,749,604	1,465,552	174,867
Experience Adjustment - Plan Assets	(96,832)	13,600	(25,656)	Nil

	<u>Current Year</u>	<u>Previous Year</u>
Total amount of defined contribution plan during the year	12,455,180	14,044,269

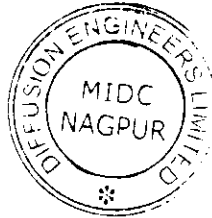
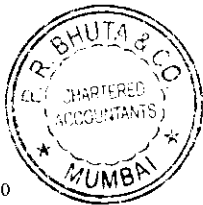
(x) Previous Years Figures are re-grouped and re-arranged wherever necessary.

As per our report of even date

For P. R. Bhuta & Co.

Chartered Accountants

PANKAJ BHUTA
Proprietor
Membership Number: 31820
Place : Mumbai
Date : 24 SEP 2021



For and on behalf of the Board of Directors of

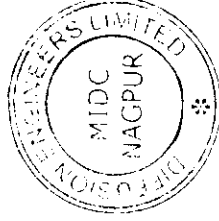
Diffusion Engineers Limited

Prashant Garg
Chairman & Managing Director
DIN :- 00049106
Place : Nagpur
Date : 29/09/2021

Ajay Jain
Director
DIN :- 02815416
Place : Mumbai Nagpur
Date : 29/09/2021

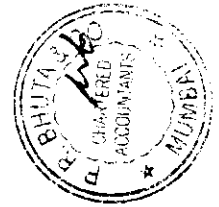
RELATED PARTY DISCLOSURES UNDER ACCOUNTING STANDARD (AS) 18

- A** Key Management Personnel : Mr. Prashant Garg
Mr. Ajay Jain
Mrs. Renuka Garg
Ms. Anita Vijaykar
- B** Relatives of Key Management Personnel : Mrs. Chitra N Garg
N. K. Gang HUF
Mr. Nitin N Garg
Mr. Ajay Jain HUF
Mrs Daksha Jain
Mrs Neelu Garg



RELATED PARTY DISCLOSURES UNDER ACCOUNTING STANDARD (AS) 18								
C Transactions with Related Parties :								
Type of the related Party	Name of the related party	Description of the nature of Transactions	Volume of transactions during		Amounts Outstanding			
			2020-2021	2019-2020	Receivable	Payable		
			2020-2021	2019-2020	2020-2021	2019-2020	2019-2020	
Key Managerial Personnel	Mr. Prashant Garg	Remuneration	12,000,000	12,000,000				
		Rent	590,762	555,300				
		Medical Re-imbursment	27,801	-				
		Leave Encashment	-	-				
		Commission	3,800,000	2,250,000				
	Dividend	5,098,076	2,751,572					
	Mr. Ajay Jain	Commission	250,000	250,000				
	Mrs. Renuka Garg	Commission	250,000	250,000				
	Mrs. Anita Vijaykar	Commission	250,000	100,000				
	Mrs. Chitra N Garg	Rent	1,014,500	819,500				
Relatives of Key Managerial Personnel	Mrs. Neelu Prashant Garg	Dividend	3,398,612	1,699,306				
		Salary	1,262,336	829,000				
	N. K. Garg HUF	Commission	1,200,000	-				
		Dividend	32,774	-				
	Mr Niton N Garg	Rent	164,400	142,800				
		Dividend	1,195,588	597,794				
	Mr Ajay Jain (H.U.F)	Dividend	1,264,448	431,662				
		Dividend	40,000	20,000				
	Mrs Daksha Jain	Dividend	800	400				

Note: Related party relationship has been identified by management of the company.



Prashant Garg

SEGMENT REPORTING UNDER ACCOUNTING STANDARD (AS) 17

Business Segment

Particulars	Manufactured Products		Trading Products		Job Works		Eliminations / Unallocated		Consolidated Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
a) Revenues										
External Sales (Net of excise duty)										
Local	1,10,95,93,192	1,18,92,28,811	8,63,07,540	7,55,31,974	14,99,54,399	11,64,17,560	1,34,58,55,131	1,38,11,78,345	18,81,79,508	14,45,62,973
Export	18,38,79,311	14,08,89,814	-	-	43,00,198	36,73,159	-	-	-	-
Inter- Segment	-	83,14,262	-	-	-	-	(83,14,262)	(83,14,262)	-	-
Total Revenue	1,29,34,72,502	1,33,84,32,887	8,63,07,540	7,55,31,974	15,42,54,597	12,00,90,719	1,53,40,34,639	1,52,57,41,318	89,92,44,763	99,50,74,634
Identifiable Operating Expenses	81,42,28,547	85,08,54,453	6,49,24,407	6,17,75,745	2,00,91,809	9,07,58,698	-	(83,14,262)	-	-
b) Segment results before interest & tax	47,92,43,955	48,75,78,434	2,13,83,133	1,37,56,229	13,41,62,788	2,93,32,021	-	-	63,47,89,876	53,06,66,685
c) Interest & Other Income										
d) Unallocated expenses									3,59,71,759	4,30,33,195
e) Profit before tax after CSR									50,64,52,980	42,99,22,807
f) Tax Expense									16,43,08,655	14,37,77,073
g) Minority Interest									5,07,77,913	3,95,44,473
h) Profit & Loss Shares Of Associates									(5,85,308)	(4,05,175)
i) Net Profit after tax									(2,02,99,531)	67,66,555
j) Segment assets	67,62,55,124	64,37,67,374	4,23,52,039	4,66,53,845	5,40,47,141	2,16,07,141	75,41,30,419	97,34,15,246	9,38,16,520	11,14,04,330
k) Segment liabilities	23,72,69,400	15,29,20,670	38,31,689	1,76,539	1,29,80,032	6,55,16,536	23,84,30,843	54,84,15,713	1,52,67,84,723	1,68,54,43,606
l) Capital Expenditure									49,25,11,965	76,70,29,458
m) Depreciation and amortisation	2,13,82,221	1,90,09,895	-	-	24,46,980	16,06,693	1,51,56,993	1,12,72,882	3,89,86,193	3,18,89,469
n) Other Significant Non Cash Expenses									1,40,576	(84,251)

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.

d) Unallocable-Other Significant Non Cash Expenses for the current year include loss of investment in subsidiary on account of liquidation.

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