

DIFFUSION ENGINEERS
LIMITED

DIRECTORS REPORT
(FY 2023-24)

CIN: U99999MH2000PLC124154

Registered Address: T-5 & 6, MIDC, Hingana Nagpur MH 440016 IN

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DIRECTORS REPORT

Dear Members,

Your Directors have immense pleasure in presenting the *Forty-Second Annual Report* on the business and operation of the Company together with Audited Statement of Accounts for the financial year ended 31st March, 2024.

1. Financial Highlights

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

Particulars	(Rs. in Millions)	
	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Turnover	2,571.26	2440.74
Profit/(Loss) before taxation	316.58	225.48
Less: Tax Expense	82.63	57.32
Profit/(Loss) after tax	233.95	168.16
Add: Balance B/F from the previous year	1,155.70	998.60
Balance Profit / (Loss) C/F to the next year	1,363.51	1155.70

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

Particulars	(Rs. in Millions)	
	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Turnover	2,781.45	2548.76
Profit/(Loss) before taxation	410.84	286.60
Less: Tax Expense	102.80	65.15
Profit/(Loss) after tax	308.04	221.46
Add: Balance B/F from the previous year	1,211.89	1001.32
Balance Profit / (Loss) C/F to the next year	1,492.34	1211.89

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

2. Dividend

During the Year, the board had declared and distributed an interim dividend of 2.5% & proposed final dividend of 2.5%, total dividend for 2023 – 2024 is 5%.

3. Amounts transferred to Reserves

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

4. State of Company's Affairs & Future Outlook

Your company completes more than 4 decades of its existence, a long and successful journey begun by our Visionary Founder late Shri. N. K. Garg whose disciplined work culture & professional approach towards governance, principles of independence, transparency, accountability, responsibility, compliance, ethics and trust has been successfully adopted by the present management. We continue to uphold the value systems which have been the traditional hallmark of Diffusion Engineers Limited for over four decades.

Prashant Garg, our Promoter and Managing Director, has been instrumental in steering our Company towards forward integration from manufacturing welding consumables to heavy engineering equipment and adding new product lines to our business. He has paved the way for the concept of total wear solutions.

During the financial year 2023-24, the company's turnover amounted to Rs. 2,571.26 million against Rs. 2440.74 million during the preceding year. The company's net profit after interest/depreciation and tax amounted to Rs. 233.95 million against profit of Rs. 168.16 million during the preceding year. Your directors are hopeful that there will be considerable increase in turnover/profits in next financial year and there will be healthy growth. The subsidiary and associate companies have also improved their performance during the year.

Your directors are pleased to inform that, the Company is in process of issuing Equity Shares through Initial Public Offering. The Members of the Company at the Extra Ordinary General Meeting held on 20th December, 2023 approved the issue of Equity Shares through Initial Public Offering [IPO]. In this regard, Board of directors of the Company approved the Draft Red Herring Prospectus ("DRHP") on 26th April 2024 and filed the same with Securities Exchange Board of India (SEBI) and Relevant Stock Exchanges. On 26th July 2024, your company has received in principal approval of National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) for listing its equity shares under proposed public issue and also on July 30, 2024 we have received final observation cum approval letter from the Securities Exchange Board of India on the DRHP.

Disclaimer clause: However, it is to be distinctly understood that permission given by NSE and BSE should not in any way be deemed or construed that offer document has been cleared or approved by the exchanges nor does it certify the correctness or completeness of any of the content of the offer document.

5. Capital Structure

i) Authorised Share Capital

As on the date of this Report, the Authorised Share Capital of the Company is Rs.40,00,00,000/- consisting of 4,00,00,000 Equity Shares having face value of Rs.10/- each.

- On 25th September, 2023, Authorised Share Capital of the company increased from Rs.5,00,00,000/- consisting of 50,00,000 Equity Shares having face value of Rs.10/- each to Rs.15,00,00,000/- consisting of 1,50,00,000 Equity Shares having face value of Rs.10/- each.
- On 18th November, 2023, Authorised Share Capital of the company further increased from Rs.15,00,00,000/- consisting of 1,50,00,000 Equity Shares having face value of Rs.10/- each to Rs.40,00,00,000/- consisting of 4,00,00,000 Equity Shares having face value of Rs.10/- each.

ii) Paid up Share Capital

During the period under review, the paid-up equity share capital of the Company was increased consequent upon allotment of following equity shares of the Company:

- On 11th October, 2023, Company has allotted 2,65,570 Equity Shares of the face value of Rs.10/- each on preferential basis via private placement.
- On 29th November, 2023, Company has allotted 2,40,18,222 Equity Shares of the face value of Rs.10/- each as fully paid-up Bonus Shares.

6. Directors and Key Managerial Personnel

As of March 31, 2024, your Company has 6 Directors, which includes 3 Independent Directors, 2 Non-Executive Non-Independent Director and 1 Managing Director.

▪ **Change in Directors and KMP during the financial year**

Appointment of Mr. Anil Kumar Trigunayat [DIN - 07900294] as Independent Director

Pursuant to provisions of Section 149, 150, 152, 161[1] of the Companies Act, 2013 and on recommendation of Nomination and Remuneration Committee ('NRC'), the Board has appointed Mr. Anil Kumar Trigunayat as an Independent director of the Company for a period of five consecutive years effective from 30th November, 2023. The same has been approved by the members vide their Ordinary resolution dated 07th December, 2023. The Board is of the opinion that Mr Anil Kumar Trigunayat is a person of integrity, expertise, with competent experience and proficiency to serve the Company as an independent director that can strengthen the overall composition of the Board.

Appointment of Ms. Chitra Narendra Garg [DIN – 01784644] as Non-Executive Director

Pursuant to provisions of Section 161 of the Companies Act, 2013 and on recommendation of Nomination and Remuneration Committee ('NRC'), the Board has appointed Ms. Chitra Narendra Garg as Non-Executive Non-Independent Director of the Company with effect from 05th December, 2023. The same has been approved by the members vide their Ordinary resolution dated 07th December, 2023.

▪ **Change in Directors after the end of financial year 2023-24 but upto the date of this report.**

Dr Renuka Garg (DIN: 02815373), Non-Executive Director of the Company has tendered resignation from post of directorship on the Board of the Company with effect from 23rd July 2024. Further the Board of Directors have appointed Dr Nitin Garg (DIN: 08558736) as an Additional Director (Non-Executive) on the Board of the Company with effect from 23rd July 2024 to hold office upto the date of ensuing General Meeting. Accordingly, a resolution for seeking members approval for appointment of Dr Nitin Garg as a Director (Non-Executive) on the Board of the Company is included in the Notice convening the Annual General Meeting.

▪ **Retire by Rotation:**

In terms of the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013, Ms. Chitra Garg [DIN – 01784644] Director retires by rotation at the ensuing Annual General Meeting, and being eligible, offers herself for re – appointment.

▪ **Key Managerial Personnel ('KMP')**

In terms of the provisions of Section 2(51) and Section 203 of the Companies Act, 2013 the following are the KMPs of the Company:

1. Mr Prashant Garg [Managing Director]
2. Mr Abhishek Mehta [appointed as Chief Financial Officer, w.e.f 29th June 2023]
3. Ms Chanchal Jaiswal [appointed as Company Secretary and Compliance Officer, w.e.f 29th June 2023]

There are no other changes in the KMPs during Financial Year 2023 – 2024

7. **Number of Board Meetings & Attendance**

Eleven meetings were held during the Financial Year 2023 – 2024. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. Dates and attendance details of meetings as follows:-

Sr. No.	Date of meeting	Total No. of Directors on the Date of Meeting	No. of Directors attended	% of Attendance
1	29.06.2023	4	4	100%
2	19.07.2023	4	4	100%
3	17.08.2023	4	4	100%

4	08.09.2023	4	4	100%
5	11.10.2023	4	4	100%
6	29.11.2023	4	3	75%
7	30.11.2023	4	4	100%
8	05.12.2023	5	4	80%
9	13.12.2023	6	6	100%
10	26.12.2023	6	6	100%
11	30.03.2024	6	6	100%

8. **Audit Committee**

The Audit Committee's role is to assist the Board in overseeing the governance function and responsibilities in relation to the Company's financial reporting process carried out by the Management, internal control system, risk management system and internal and external audit functions. The Audit Committee functions according to its charter/terms of reference that defines its composition, authority, responsibilities and reporting functions.

The Audit Committee consists of the following members -

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

During the year under review, six (6) Meetings of the Audit Committee were held on the following dates -

- 29th June, 2023
- 19th July, 2023
- 17th August, 2023
- 30th November, 2023
- 27th March, 2024
- 30th March, 2024

9. **Corporate Social Responsibility Committee**

The Corporate Social Responsibility ('CSR') Committee of the Board is constituted in accordance with the provisions of Section 135 of the Act. The CSR Committee has been entrusted with the specific responsibility of devising and implementing corporate social responsibility programs. The CSR Committee was reconstituted by our Board at its meeting held on 13th December 2023.

As on 31st March 2024, CSR Committee comprises of following members-

1. Ms Anita Vijayakar [Independent Director & Chairperson of Committee]
2. Dr. Renuka Garg [Non-Executive Non-Independent Director and member of Committee]
3. Mrs. Chitra Garg [Non-Executive Non-Independent Director and member of Committee]

During the year under review, meeting of the CSR Committee was held on 17th August, 2023

10. Nomination & Remuneration Committee

The role of Nomination & Remuneration committee (NRC) is to formulate Policy on director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters as specified u/s 178 (3) of the Companies Act, 2013. Nomination & Remuneration Policy of Diffusion Engineers Limited is available on the Company's website at www.diffusionengineers.com

The Nomination & Remuneration Committee was reconstituted by our Board at its meeting held on 30th March 2024. NRC Committee currently comprises of following members-

1. Ms. Anita Vijayakar [Independent Director & Chairperson of the Committee]
2. Mr. Ajay Jain [Independent Director and member of Committee]
3. Ms. Chitra Garg [Non-Executive Non-Independent Director and member of Committee]

During the year under review, three (3) Meetings of the Nomination & Remuneration Committee were held on the following dates -

- 29th June, 2023
- 30th November, 2023
- 05th December, 2023

11. Stakeholders' Relationship Committee

Stakeholders Relationship Committee (SRC) is a committee within an organization that helps the board of directors oversee the interests of stakeholders, such as investors, debenture holders, and other security holders. The SRC's primary role is to resolve concerns and complaints from stakeholders.

As on 31st March 2024 Stakeholders' Relationship Committee consists of following directors as members -

1. Mr. Ajay Jain [Independent Director & Chairperson of the Committee]
2. Mr. Prashant Garg [Managing Director and member of Committee]
3. Dr. Renuka Garg [Non-Executive Non-Independent Director and member of Committee]

During the year under review, Meeting of the Stakeholders' Relationship Committee was held on 30th March, 2024

12. Risk Management Committee

The Risk Management Committee was constituted by our Board at its meeting held on 13th December 2023. Risk Management Committee assist the Board of Directors in fulfilling its oversight responsibilities with regard to the risk appetite of the

Corporation, the Corporation's risk management, identification & mitigation of associated risk.

The Risk Management Committee consists of following members -

1. Mr. Prashant Garg [Managing Director & Chairperson of the Committee]
2. Mr. Ajay Jain [Independent Director and member of Committee]
3. Mr. Anil Kumar Trigunayat [Independent Director and member of Committee]
4. Mr. Abhishek Mehta [Chief Financial Officer and member of Committee]

During the year under review, Meeting of the Risk Management Committee was held on 30th March, 2024

13. Independent Directors' Meeting

Pursuant to the Companies Act, 2013, the Independent directors must hold at least one meeting in a financial year without attendance of non-independent director and members of the Management. Accordingly, independent directors of the Company met on 30th March, 2024 and:

- Reviewed the performance of non-independent directors and the Board as a whole;
- Reviewed the performance of the Chairman of the Company.
- Assessed the quality, quantity and timeliness of flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

14. 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.

15. Secretarial Standards:

The directors state that applicable Secretarial standards have been duly followed by the company.

16. Subsidiaries

Following is the list of Subsidiaries of our company: -

- i. Diffusion Super Conditioning Services Private Limited
- ii. Nowelco Industries Private Limited
- iii. Diffusion Hernon Adhesive and Sealant Private Limited
- iv. Diffusion Engineers Singapore Pte. Ltd.

- v. Diffusion Wear Solutions Philippines Inc.
- vi. Diffusion Eurasia Mühendislik Sanayi Ve Ticaret Anonim Sirketi*

Following are Associates / Joint Venture of our company: -

- i) LSN Diffusion Limited (United Kingdom)
- ii) Mecdiff Sdn Bhd (Malaysia)

*Diffusion Eurasia Mühendislik Sanayi Ve Ticaret Anonim Sirketi (DEMSTAS) is a Company incorporated in Turkey on February 16, 2024 and is registered with the IZMIR Trade Registry Office under Trade Registry number 253826. Holding in the said company was agreed as follows: Diffusion Engineers Limited - 70% and Gurkhan Gokhan - 30%. Total Share capital proposed was 2,50,000 Turkish Lira and 25% of the same i.e. 62,500 Turkish Lira was paid by Gokhan Gurcan. Contribution of Diffusion Engineers Limited was to be done within 24 months from the date of registration. As on 31st March 2024 your company had not invested any amount in the said company. On 21st May 2024, Diffusion Engineers Limited transferred 1,75,000 Turkish Lira in the said company as their 70% capital contribution.

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

Pursuant to Section 186 of the Companies Act, 2013, the details of the Loans given, guarantees on securities provided and investments made are provided in the notes to the financial statement and Annexure 3 of this report.

18. Particulars of Contracts or Arrangements with Related Parties

All the related party transactions entered into during the financial year were on arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Act. Particulars of contracts or arrangements with related parties referred to in Section 188 (1) of the Companies Act, 2013 in the prescribed Form AOC-2 is appended which forms part of this Report.

Your directors draw attention of the members to Notes of financial statement which sets out Related Party disclosures.

19. Deposits

The Company has not accepted/renewed any deposit from the public within the ambit of Section 73 of Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

20. Statutory Auditors

The members at the 41st Annual General Meeting held on 25th September, 2023 appointed PGS & Associates, Chartered Accountants (Firm Registration No. – 122384W) as Statutory Auditors of the Company to hold office for a period of five [5] years commencing from conclusion of 41st Annual General Meeting till the conclusion of Annual General Meeting to be held in the year 2028.

Further, the report of Statutory Auditors along with notes to Financial Statement is enclosed to this report. The observations made in the Auditors' Report are self-explanatory and therefore, in the opinion of the Directors, do not call for further comments. The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer.

21. Details in respect of frauds reported by auditors under section 143 (12) other than those which are reportable to central governments:

As per Auditors Report, no fraud reported by auditor of the Company.

22. Secretarial Audit

Pursuant to provision of section 204 of Companies Act, 2013 read with rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Board of directors in its meeting held on 17th August 2023, appointed Mr. Madhav Kawde, Practicing Company Secretary (CP No. 1892) as Secretarial Auditor to conduct the secretarial audit of the company for the financial year 2023 - 2024. The secretarial audit report in Form MR - 3 is annexed to this report. The observations made in the Secretarial Audit Report are self-explanatory and therefore, in the opinion of the Directors, do not call for further comments. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

23. Cost Audit Records

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

24. Cost Auditors

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 2024 - 2025 under Section 148 and all other applicable provisions of the Act read with the Companies (Cost Records and Audit) Amendment Rules, 2014.

M/s A. B. Verma & Co., have confirmed that they are free from disqualification specified under Section 141(3) and provision to Section 148(3) read with Section 141(4) of the Act and that the appointment meets the requirements of Section 141(3)(g) of the Act.

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 in the Notice convening the Annual General Meeting.

25. Risk Management Policy

The Company has developed and implemented a risk management policy which identifies major risks which may threaten the existence of the Company. The same has also been adopted by your Board and is also subject to review from time to time. Risk mitigation process and measures have also been formulated and clearly spelled out in the said 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.

The Risk Assessment and Management Policy is available on the Company's website at www.diffusionengineers.com

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

There are no cases reported during the year under review. Ms. Anita Vijayakar (DIN – 01190200) an Independent Director is a Chairperson of the Internal Complaints committee along with various women staff members both from plants and office. Your company has been certified as “Great place to work” for the second time in a row. The Great Place to Work Assessment is considered a ‘Gold Standard’ in workplace Culture assessment.

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

Details is as per Annexure-IV

28. Corporate Social Responsibility (CSR)

Composition of CSR committee, the details about implementation of various programmes are provided in Annexure-V as per the prescribed format under Companies (Corporate Social Responsibility Policy) Rules, 2014.

29. Extract of Annual Return

Pursuant to Section 92(3) read with Section 134 (3) (a) of the Act and Rule 12 of the Companies (Management and Administration), Rules 2014 the Annual Return in Form MGT – 7 as on March 31, 2024 is available on the Company's website at www.diffusionengineers.com

30. Formal Annual Evaluation of the performance of the Board, its committees & of Individual Directors:

The Board evaluated its performance as a whole and was satisfied with its performance and composition of Independent and Non-Independent Directors. The Board have adequate expertise drawn from diverse industries and business and bring specific competencies relevant to the Company's business and operations. Performance of all the Directors was quite satisfactory.

The term of reference and composition of the Committees is clearly defined. The Committee performed their duties diligently and contributed effectively to the decisions of the Board.

31. Material Changes and Commitments:

There have been no material changes and commitments, which affect the financial position of the company which have occurred between the end of the financial year to which the financial statements relate and the date of this Report.

32. Details of Significant and Material Orders Passed by the Regulators, Courts and Tribunals:

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

33. Internal Financial Control:

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

34. Statement on Declaration from Independent Directors:

The Company has received necessary declarations from all Independent Directors of the Company in accordance with the provisions of Section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013.

35. Proceedings pending under the Insolvency and Bankruptcy Code, 2016:

No application has been made or any proceeding is pending under the IBC, 2016.

36. Difference in Valuation:

The company has never made any one-time settlement against the loans obtained from Banks and Financial Institution and hence this clause is not applicable.

37. 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, 2024, 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, 2024 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.

38. Acknowledgment

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

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

Prashant Garg
Digitally signed by
Prashant Garg
Date: 2024.07.31
18:08:49 +05'30'

**Place : Nagpur
Date : 31-07-2024**

**PRASHANT GARG
(DIN - 00049106)
Chairman & Managing Director
3, Chaitriya, Pawanbhumi
Somalwada, Nagpur - 440 025**

Annexure I

(Rs. in Million)

CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2024								
Sr No	PARTICULARS	Diffusion Engineers Limited	Nowelco Industries Pvt Ltd	Diffusion Heron Adhesive & Sealant Pvt Ltd	Diffusion Super- Conditioning Service Pvt Ltd	Diffusion Engineers Singapore & Associates	Inter Company Deduction	TOTAL
1	Turnover	2,571.26	207.44	1.535	96.896	236.277	-331.96	2,781.45
2	Profit & (Loss) Before Tax	316.58	4.24	0.07	2.90	74.64	12.41	410.84
3	Less:- Tax Expenses	82.63	-0.05	0.02	0.440	19.76		102.80
4	Profit & (Loss) After Tax	233.95	4.29	0.05	2.46	55.14	12.15	308.04
5	Add :- Balance Bf From The Previous Year	1,155.70	-8.319	1.158	7.436	46.79549	9.12	1211.89
6	Balance Profit/(Loss) C/F To The Next Year	1,363.51	-4.03	1.22	10.141	96.34	25.16	1,492.34

Annexure II

(Amount. In Million)

CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2023								
Sr No	PARTICULARS	Diffusion Engineers Limited	Nowelco Industries Pvt Ltd	Diffusion HERNON Adhesive & Sealant Pvt Ltd	Diffusion Super-Conditioning Service Pvt Ltd	Diffusion Engineers Singapore & Associates	Inter Company Deduction	TOTAL
1	Turnover	2440.74	112.955	2.017	52.541	151.698	-211.191	2548.76
2	Profit & (Loss) Before Tax	225.48	-0.649	0.271	0.909	29.5508	31.03	286.60
3	Less:- Tax Expenses	57.32	-0.051	0.074	0.273	7.533	0.001	65.15
4	Profit & (Loss) After Tax	168.16	-0.598	0.196	0.637	22.0174	31.04	221.46
5	Add :- Balance Bf From The Previous Year	998.60	-7.721	0.961	6.799	24.77809	-22.09	1001.32
6	Balance Profit/(Loss) C/F To The Next Year	1155.70	-8.319	1.158	7.436	46.79549	9.11	1211.89

Annexure III

Details of Investment & Loan Given to Subsidiaries			
Sr. No.	Particulars	Amount in Millions	
1	Trade Investments (In Equity Shares of Subsidiaries)	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
	Diffusion Super - Conditioning Services Pvt. Ltd.	3.30	3.30
	Diffusion Engineers Singapore Pte. Ltd.	15.44	15.44
	Diffusion HERNON Adhesive And Sealant Pvt. Ltd.	0.95	0.95
	Nowelco Industries Pvt. Ltd	6.67	6.67
	Total	26.36	26.36

Annexure IV

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 has moved 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 has been operating efficiently and giving good returns to Company.</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	-

b) Technology Absorption

Efforts made for technology absorption	New technology is constantly used for improving production / process in its main products and services.
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	Rs. 278 lakhs
Details of technology imported, if any	Most of the technology imported previously
Year of import	Prior Years
Whether imported technology fully absorbed	-
Areas where absorption of imported technology has not taken place, if any	-

c) Research and Development:

Research and development are very important because of the nature of the industry and your company has given it prime importance. Our R&D team now have a full time Doctoral candidate working on new product development. Our collaboration with universities has increased to make use of their facilities and get research assistance. We have established separate R&D wing in our premises for focusing more on R&D. Your company has also received recognition from DSIR – Department of Scientific and Industrial Research which is valid upto 31-03-2027.

d) Exports: Growth in Export is consistent and improving every year.

e) Foreign Exchange Earning and outgo:

Foreign Exchange Earning	Rs. 281.43 Million
Foreign Exchange outgo	Rs. 310.41 Million

Annexure V

Corporate Social Responsibility (CSR)

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

Areas identified for CSR activities for financial period 2023 – 2024:

1. Preserving Environment
2. Health & Sanitation
3. Skill Development
4. Education
5. Promoting Sports
6. Provision of Basic Needs

1. PRESERVING ENVIRONMENT:

The Company contributed to CSR for the Maintenance and Plantation at Kalmeshwar, which will be helpful for increasing the green cover of surrounding areas as this area is fairly barren being an upcoming industrial area. This will also be helpful in increasing and sustaining birdlife. Some ornamental plants and lawn were also planted.

2. HEALTH & SANITATION:

i).Chichbhavan Village Medical Services –Kalmeshwar

The company has obtained permission from Child Development Project Officer to use the Aganwadi at Chichbhavan for providing medical services. We have commenced the medical services for Chichbhavan and surrounding 5 villages with permission from Government Health Department. Nagpur. We have designated Dr. Mayur Nipane (B.A.M.S & D.Y.N.S) for the program. Dr. Nipane visits and provide medical consultancy twice a week i.e., on Wednesday & Saturday. Diffusion Engineers Limited pays consultancy charges to Dr. Nipane. Our Company also provides basic and emergency medication to patients. 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 progressing well and going on with great success with average of 15 to 25 patients per session. Medicines as per requirement are also provided to the patients which saves them a trip to the nearest primary health centre.

ii) Cataract / Eye Surgery:

The Company sponsored cataract operation for two needy patients. The procedures were conducted by Dr. Sulabha Deshpande, Consulting Ophthalmologist & Vitreo-Retinal Surgeon at Dr. K.G. Deshpande Memorial Centre, Ramnagar, Nagpur.

iii).Medical Donation

Company has donated funds to BTSG Foundation which takes 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.

3. SKILL DEVELOPMENT

General Duty Assistant Course of 3 months duration from 11th October 2023 to 31st January 2024 was sponsored by Diffusion Engineers Limited under National Skill Development Corporation. This is a skill in healthcare which trains students to handle patients in hospitals as well as at home. Diffusion Engineers Limited saw it as need of the hour as many patients / seniors need medical help at home. The batch was of 30 students, they passed their exams conducted by IB4 on the same pattern as Skill India as National Skill Development Corporation (NSDC) and Maharashtra State Skill Development Society (MSSDS) have temporarily suspended assessment and certification post Covid. Most 3rd Party assessment agencies have shut shop post covid. Therefore, they were given combined provisional certificates by Diffusion Engineers Limited, IB4 Consultants & Amina Gramin Vikas Sanstha. They will be given Skill India Certificates as soon as NSDC starts issuing them. The students have undergone internship in various hospitals, clinics and some have been placed in hospitals, clinics while some are doing home patients and rest are pursuing higher nursing courses. The Course was co- ordinated through IB4 Consultants at Mother Teresa Nursing Institute under Amina Gramin Vikas Sanstha, Koradi.

4. EDUCATION

N.K.Garg Scholarship Program

The N.K. Garg Foundation and Diffusion Engineers Limited announced N.K. Garg Scholarship Program for students of B.E / B. Tech – 1st Year / 2nd Year Mechanical Engineering / Metallurgy / Industrial Engineering or equivalent course for Academic Session 2022-23 onwards. The N.K.Garg Scholarship Program is constituted in the memory of Shri N.K.Garg, Founder of Diffusion Engineers Limited, an exceptional Leader and human being who touched so many lives and took the organization to phenomenal heights.

The Scholarship amount will cover college fees, guidance and internship programs at Diffusion Engineers Limited Hingna/ Kalmeshwar Plants. The Scholarship amount

is Rs.50,000/- per student per year till completion of graduation provided he/she scores above 65% every year.

N.K.Garg Scholarship was given to 6 students of Shri Ramdeobaba College of Engineering & Management, Nagpur & 4 students of Visvesvaraya National Institute of Technology, Nagpur based on performance (merit) and economic background (need).

5. PROMOTING SPORTS

i) Shri N.K.Garg Memorial Badminton Tournament:

The First Tournament of Shri N.K.Garg Memorial Nagpur District Badminton Tournament was held from 15th to 17th September 2023. It was sponsored by Diffusion Engineers Limited and organised by Nagpur District Badminton Association. The Tournament had superb participation of 400 players in 14 categories from under 9 years to Seniors 17+ years. Shri N.K.Garg Memorial Tournament will be held annually in memory of Shri N.K.Garg , Founder of Diffusion Engineers Limited with an aim to promote sports.

ii) Shri. N.K.Garg Sports Scholarship

Diffusion Engineers Limited announced Shri. N.K.Garg Sports Scholarship under its Corporate Social Responsibility Program. The Scholarship of upto Rs. 5 lakhs is given to needy and deserving sports persons who are unable to compete and progress due to lack of funds resulting in inability to access required resources for the sport.

The Scholarship for 2023-24 was given to Riyansh J Sontakke, who is the youngest enthusiastic cyclist from Nagpur. He has successfully completed cycle championship like 200km,300km,400km and 600km races. He has been the fastest and youngest cyclist in central India to complete these races. He has also secured place in Khasdar Krida Mahostav and inter-collegiate cycle race competition this year.

He has goals in the near future of participating in the National & International level competitions in Cycling and Triathlon, for which he required an advanced level bicycle. He, unfortunately could not meet the required expenses hence he approached Diffusion Engineers Limited for support, which they accepted. The racing cycle TREK Madone SL6 Di2 was handed over to Riyansh by Mr. Prashant Garg. Managing Director, Diffusion Engineers Limited, so that he could fulfill his dreams and bring laurels to the State and Nation.

6. PROVISION OF BASIC NEEDS

The Akshaya Patra Foundation

The Akshaya Patra Foundation is a non-profit organization that strives to eliminate classroom hunger by implementing the Mid-Day Meal Programme. Their Mission is to address classroom hunger and malnutrition in India and to feed the millions of children in India who lack the means but have the zeal to learn and achieve. One wholesome mid-day meal every day nourishes them and motivates them to pursue education and consequently, a better future. In essence, they support the health and education of children at the grass-root level of society through the assurance of a nutritious mid-day meal. Their Vision is to feed 3 million children of India by 2025. In line with this Vision, a Project for Building a Kitchen in Nagpur is undertaken which can cater 15,000 meals per day to needy school children of Government, Municipal Corporation and Zilla Parishad Schools. The donation of 5 lakhs is done towards this project.

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES / INITIATIVES

[Pursuant to Section 135 of the Companies Act, 2013 & Rules made thereunder]

1. A brief outline of the Company's CSR policy, including overview of the projects or programmes proposed to be undertaken to the CSR policy and projects or programmes:

In line with the provisions of the Companies Act, 2013, the Company has framed its CSR policy towards Health & Sanitation, Preserving Environment & Water Harvesting, Education / Skill Development, Provision of Basic Needs etc. and the same has been approved by the CSR Committee of the Board. The Company gives preference to the local area and areas around the Company for spending the amount earmarked for CSR activities. CSR activities of the Company are aligned with the activities specified in Schedule VII of the Companies Act, 2013.

2. The composition of the CSR Committee as on 31st March, 2024 is as under:

Sr .No.	Name	Nature of Directorship	Designation in Committee	Number of Meetings of CSR Committee Held During the Year	Number of meetings of CSR Committee attended during the year
1	Ms Anita Vijayakar	Independent Director	Chairperson	1	1
2	Dr. Renuka Garg	Non-Executive Director	Member	1	1
3	Mr. Prashant Garg [Ceased w.e.f 13 th December, 2023]	Managing Director	Member	1	1
4	Ms Chitra Narendra Garg [appointed w.e.f. 13 th December, 2023]	Non-Executive Director	Member	0	0

3. **Web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company :**

www.diffusionengineers.com

4. **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report) :**

Not Applicable - as the Company does not have an average CSR obligation of 10 Crores or more in the three immediately preceding financial years.

5. **The prescribed CSR expenditure of the company for last three financial years (2% of the average net profits of immediately preceding three Financial Years):**

Average net profit of the company for last three financial years: (a)	Two percent of average net profit of the company as per section 135(5) (b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years (c)	Amount required to be set off for the financial year, if any (d)	Total CSR obligation for the financial year (b+c-d)
Rs. 18,60,51,836	Rs. 37,21,037	-	Rs. 10,12,015	Rs. 27,09,022

6.

Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project). (a)	Amount spent in Administrative Overheads (b)	Amount spent on Impact Assessment, if applicable. (c)	Total amount spent for the Financial Year 6(a)+6(b)+6(c).
Rs. 30,04,273	-	-	Rs. 30,04,273

CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year.	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
Rs. 30,04,273	-	-	-	-	-
			-	-	-
			-	-	-

Excess amount for set-off, if any::

Sl. No	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	Rs. 27,09,022
(ii)	Total amount spent for the Financial Year	Rs. 30,04,273
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	Rs. 2,95,251
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	-
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	Rs. 2,95,251

Details of CSR amount spent against ongoing projects for the Financial Year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the Project	Project duration	Amount allocated for the project	Amount spent in the current financial year	Amount transferred to Unspent CSR Account for the project as per Section 135(6)	Mode of Implementation Direct (Yes/No)	Mode of Implementation Through Implementation

1	Development and maintenance of plantation at, Kalmeshwar.	(iv)	Yes	Maharashtra	Nagpur	02.87	Yes	Not Applicable	Not Applicable
2	Medical Funds - Chichbhavan Village Medical Services. Kalmeshwar	(i)	Yes	Maharashtra	Nagpur	1.75	Yes	Not Applicable	Not Applicable
3	Donation to perform eye surgery of patient	(i)	Yes	Maharashtra	Nagpur	0.225	Yes	Not Applicable	Not Applicable
4	Medical Services	(i)	Yes	Maharashtra	Nagpur	5.00	No	N K Garg Foundation	CSR00061380
5	Education - Skill Development Course co-ordinated through IB4 Consultants at Mother Teresa Nursing Institute under Amina Gramin Vikas Sanstha.	(ii)	Yes	Maharashtra	Nagpur	4.65	Yes	Not Applicable	Not Applicable
6	Education - N.K.Garg Scholarship Program	(ii)	Yes	Maharashtra	Nagpur	05.00	No	N K Garg Foundation	CSR00061380
7	Promoting Sports - Shri N.K.Garg Memorial Badminton Tournament	(vii)	Yes	Maharashtra	Nagpur	1.50	Yes	Not Applicable	Not Applicable

8. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the Financial Year.

No

If yes, enter the Number of Capital assets created/ acquired : NA

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered addresses
-	-	-	-	-	-	-	-

9. In case the Company has failed to spend the 2% of the average net profit of the last 3 financial years or any part thereof, reasons for not spending the amount in its Board Report:

The Company has spent 2% of the average net profit of the last 3 financial years towards CSR expenditure.

Form No AOC - 2

(Pursuant to clause (h) of sub - section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

Diffusion Engineers Limited has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2023-2024.

2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr No	Name(s) of the related party and nature of relationship	Nature of contracts/arrangement/transactions:	Duration of the contracts/arrangements/transactions:	Salient terms of the contracts or arrangements or transaction including the value (in Rs.), if any	Date(s) of approval by the Board, if any:	Amount paid as advances, if any :
1	Diffusion Engineers Singapore Pte. Ltd. (Subsidiary Company)	Sales	FY 2023-24	3,07,89,774.53	-	-
2	Diffusion Hernon Adhesive & Sealants Pvt Ltd (Subsidiary Company)	Sales	FY 2023-24	4,46,155.93	-	-
3	Diffusion Super-Conditioning Services Pvt. Ltd. (Subsidiary Company)	Sales	FY 2023-24	9,17,27,118.64	-	-
4	M/s Diffusion Wear Solutions Philippines Inc. (Step-down Subsidiary)	Sales	FY 2023-24	6,35,09,147.57	-	-
5	M/s Mecdiff SD. BHD. (Associate of Subsidiary)	Sales	FY 2023-24	1,25,83,882.33	-	-
6	Nowelco Industries Pvt. Ltd. (Subsidiary Company)	Sales	FY 2023-24	36,03,363.56	-	-
7	Benvira Forward Algorithms Pvt Ltd. (Common Management)	Sales	FY 2023-24	54,06,779.66	-	-

8	LSN Diffusion Ltd (Joint Venture)	Total Credit Notes Towards Commissio n	FY 2023-24	4,26,76,281.91	-	-
9	Diffusion Super- Conditioning Services Pvt. Ltd. (Subsidiary Company)	Purchase	FY 2023-24	7,46,511.02	-	-
10	LSN Diffusion Ltd (Joint Venture)	Purchase	FY 2023-24	4,29,57,944.03	-	-
11	Nowelco Industries Pvt. Ltd. (Subsidiary Company)	Purchase	FY 2023-24	14,11,31,173.73	-	-
12	Benvira Forward Algorithms Pvt. Ltd. (Common Management)	Reimburse ment	FY 2023-24	6,038.00	-	-
13	Diffusion HERNON Adhesive & Sealants Pvt Ltd (Subsidiary Company)	Reimburse ment	FY 2023-24	2,61,729.00	-	-
14	Diffusion Super- Conditioning Services Pvt. Ltd. (Subsidiary Company)	Reimburse ment	FY 2023-24	14,28,260.00	-	-
15	LSN Diffusion Ltd (Joint Venture)	Reimburse ment	FY 2023-24	91,050.42	-	-
16	Nowelco Industries Pvt. Ltd. (Subsidiary Company)	Reimburse ment	FY 2023-24	54,25,569.00	-	-
17	Mr. Prashant Garg (Managing Director)	Reimburse ment	FY 2023-24	24,05,800.00	-	-
18	Mr. Ajay Jain (Director)	Commissio n	FY 2023-24	3,50,000	20-03-2021	-
19	Mrs. Chitra Garg (Director)	Commissio n	FY 2023-24	3,50,000	20-03-2021	-
20	Mrs. Renuka Garg (Director)	Commissio n	FY 2023-24	3,50,000	20-03-2021	-
21	Ms. Anita Vijaykar (Director)	Commissio n	FY 2023-24	3,50,000	20-03-2021	-
22	Mr. Anil Trigunyat (Director)	Commissio n	FY 2023-24	3,50,000	20-03-2021	-
23	Diffusion Engineers Singapore Pte. Ltd. (Subsidiary Company)	Debit / (Credit) due to exchange fluctuation	FY 2023-24	1,76,065.02	-	-
24	LSN Diffusion Ltd (Joint Venture)	Debit / (Credit) due to exchange	FY 2023-24	2,81,662.12	-	-

		fluctuation				
25	M/s Diffusion Wear Solutions Philippines Inc. (Step-down Subsidiary).	Debit / (Credit) due to exchange fluctuation	FY 2023-24	83,469.78	-	-
26	M/s Mecdiff SD. BHD. (Associate of Subsidiary)	Debit / (Credit) due to exchange fluctuation	FY 2023-24	83,382.73	-	-
27	Mr. Prashant Garg (Managing Director)	Remuneration	FY 2023-24	2,00,00,000.00	30-12-2023	-
28	Mrs. Neelu Garg (Relative of Managing Director)	Remuneration	FY 2023-24	55,20,000.00	27-09-2022 (AGM)	-
29	Mrs. Chitra N Garg (Director)	Rent	FY 2023-24	30,28,760.00	-	-
30	N. K. Garg HUF (Relative of Director)	Rent	FY 2023-24	2,20,170.00	-	-
31	Mr. Prashant Garg (Managing Director)	Rent	FY 2023-24	7,34,424.00	-	-
32	Diffusion Hernon Adhesive & Sealants Pvt Ltd (Subsidiary Company)	Rent Receipt	FY 2023-24	1,72,000.00	-	-
33	Mr Abhishek Mehta (Key Managerial Personnel)	Remuneration	FY 2023-24	18,24,372.00	29-06-2023	-
34	Ms Chanchal Jaiswal (Key Managerial Personnel)	Remuneration	FY 2023-24	5,97,266.00	29-06-2023	-
35	Mrs Disha Mehta (Relatives of Key Managerial Personnel)	Consultancy charges	FY 2023-24	15,00,000.00	-	-
36	Mr. Prashant Garg (Managing Director)	Purchase of land	FY 2023-24	1,33,30,000.0	19-03-2023	-
37	Mr. Nitin N Garg (Relative of Director)	Purchase of land	FY 2023-24	1,33,30,000.0	19-03-2023	-
38	Mrs. Chitra N Garg (Director)	Purchase of land	FY 2023-24	1,33,30,000.0	19-03-2023	-
39	Ms. Renuka Garg (Director)	Sitting fees	FY 2023-24	3,55,000.00	13-12-2023	-
40	Mr. Ajay Jain (Director)	Sitting fees	FY 2023-24	4,00,500.00	13-12-2023	-
41	Mr. Anil Trigunayat (Director)	Sitting fees	FY 2023-24	1,10,000.00	13-12-2023	-
42	Ms. Anita Vijaykar (Director)	Sitting fees	FY 2023-24	3,95,000.00	13-12-2023	-

43	Mr. Prashant garg (Managing Director)	Sitting fees	FY 2023-24	4,05,000.00	13-12-2023	-
44	Ms. Chitra Garg (Director)	Sitting fees	FY 2023-24	1,05,000.00	13-12-2023	-

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

Prasha
nt Garg

Digitally signed
by Prashant Garg
Date: 2024.07.31
18:09:23 +05'30'

**Prashant Garg
(DIN - 00049106)
Managing Director
3, Chaitriya, Pawanbhumi
Somalwada, Nagpur - 440 025**

**Place : Nagpur
Date : 31-07-2024**

Madhav Kawde

Company Secretary

Office No. 614, 7th Floor, CFB-APMC

Fruit Market Complex, Sector – 19,

Vashi Turbhe, Navi Mumbai – 400 705

Tel: 022 – 49747847 Cell: 9820316292

Email: csmadhavkawde@gmail.com / madhavkawde@rediffmail.com

Form No. MR – 3

SECRETARIAL AUDIT REPORT

[Pursuant to section 204 (1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2024

To

The members,

DIFFUSION ENGINEERS LIMITED

(CIN – U99999MH2000PLC124154)

T-5 & 6, MIDC, Hingana, Nagpur – 440 016

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **DIFFUSION ENGINEERS LIMITED** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31st March 2024** complied with the statutory provisions listed hereunder and also that the Company has proper Board – processes and compliance – mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31st March 2024 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Not applicable to the Company during the Audit Period);
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (Not applicable to the Company during the Audit Period);
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during the Audit Period);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period);
and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period).
- (vi) I further report that, having regard to the compliance system prevailing in the Company and on the examination of the relevant records in pursuance thereof, the Company has complied with the following laws applicable specifically to the Company:
- a. The Air (Prevention and Control of Pollution) Act, 1981;
 - b. The Water (Prevention and Control of Pollution) Act, 1974;
 - c. The Factories Act, 1948;
 - d. The Employees State Insurance Corporation Act, 1948;
 - e. The Industries Development and Regulation Act, 1951; and
 - f. The Standards of Weights and Measures Act, 1976

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that:

1. the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non – Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice. Shorter notice for the meetings were given to all directors as per provisions of Section 173[3] of the Companies Act, 2013 and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. All decisions at Board and Committee Meetings are carried unanimously as recorded in the minutes of the Meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there was no specific event/action having major bearing on affairs of the Company in pursuance of the above referred law, rules, regulations, guidelines, etc.

MADHAV
K KAWDE

Place : Mumbai
Date : July 31, 2024

Signature:
Madhav Kawde
Practising Company Secretary
FCS No. 3251; C P No.: 1892
UDIN – F003251F000935017
PR Cert. No – 2317/2022

Note:

*This Report is to be read with our letter of even date which is annexed as "**Annexure A**" and forms an integral part of this report.*

ANNEXURE – A

To
The members,
DIFFUSION ENGINEERS LIMITED
(CIN – U99999MH2000PLC124154)
T-5 & 6, MIDC, Hingana, Nagpur – 440 016

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, Secretarial standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

Company vide its **Compliance letter dated 25th July, 2024** has confirmed the Compliance of other applicable laws, rules & regulations.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

MADHAV
KAWDE

Madhav Kawde
(Practicing Company Secretary)
FCS: 3251, CP No: 1892
UDIN – F003251F000935017
PR Certi No – 2317/2022

Place : Mumbai
Date : July 31, 2024

PGS & Associates

Chartered Accountants

103, Vatsalya Building, 3rd Lane, Hindu Colony, L N Road, Dadar (East), Mumbai- 400014

• Telephone No: 86577 41103 / 87790 57086 • Email ID: info@pgsca.in

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, 2024, and the Statement of Profit and Loss including the statement of Other Comprehensive Income and the Cash Flows Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone 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, 2024, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs), as 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 Standalone 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.

Key Audit Matters

Key Audit Matters Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS Financial Statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.



Key audit matters	How our audit addressed the key audit matter
Revenue recognition	
<p>Revenue is recognized when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. During the year ended March 31, 2024, the Company has recognized revenue amounting to Rs. 2571.26 millions. Terms of sales arrangements, including the timing of transfer of control, delivery specifications including incoterms in case of exports, timing of recognition of sales require significant judgment in determining revenues. The risk is, therefore, that revenue may not get recognized in the correct period. Therefore, there is a significant risk associated with timing of revenue recognition in accordance with terms of Ind AS 115 'Revenue from contracts with customers'. Accordingly, due to the significant risk associated with revenue recognition in accordance with terms of Ind AS 115 'Revenue from contracts with customers', it has been determined to be a key audit matter in our audit of the Standalone financial statements.</p>	<p>Our audit procedures included the following: Evaluated Company's revenue recognition policy and its compliance in terms of Ind AS 115 'Revenue from contracts with customers'.</p> <ul style="list-style-type: none"> • Assessed the design and tested the operating effectiveness of internal controls related to revenue recognition. • Evaluated the general information and technology control environment and tested the operating effectiveness of key IT application controls over recognition of revenue. • Tested samples of individual sales transaction and traced to sales invoices, sales orders, (received from customers) and other related documents. Further, in respect of the samples tested, reviewed recognition of revenue when the conditions for revenue recognitions are met. • Selected sample of sales transactions made pre- and post-year-end, traced the period of revenue recognition to underlying documents. • Performed procedures to identify any unusual trends of revenue recognition. • Assessed the relevant disclosures made within the standalone financial statements.

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 Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 Standalone Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone 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 Standalone 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 Standalone 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 Standalone 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 Standalone Financial Statements for the financial year ended March 31, 2024 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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial 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 2015.
 - e) On the basis of written representations received from the directors as on March 31, 2024 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024, 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;
 - g) In our opinion, the managerial remuneration for the year ended March 31, 2024 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act and
 - h) 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, 2024, 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, 2024;
 - (iv) a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or

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on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

c) Based on the audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub clause (a) & (b) contain any material misstatement.

- (v) The final dividend paid by the Company during the year in respect of that declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with section 123 of the Act.

As stated in Note No 44 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

- (vi) Based on our examination, which included test checks, the Company has used accounting softwares for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the softwares. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

For P G S & ASSOCIATES

Chartered Accountants

Firm Registration No.: 122384W

PHG and



Premal H Gandhi

Partner

Membership No: 111592

Place: Nagpur

Date: 31st July 2024

UDIN: 24111592BKBIOY6731

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 Property, Plant & Equipment and Intangible Assets:
- (a) (A) The company has maintained proper records showing full particulars, including quantitative details and situation of its "Property, Plant and Equipment" on the basis of available information.
 - (B) The company has maintained proper records showing full particulars of intangible assets.
 - (b) As explained to us, the "Property, Plant and Equipment" 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;
 - (d) The Company has not revalued its Property, Plant and Equipment (including right to use) or intangible assets during the year ended March 31, 2024,
 - (e) There are no proceedings initiated or are pending against the company for holding any Benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) 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. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification.
- (b) As disclosed in Note No. 19 to the standalone financial statements, the Company has been sanctioned working capital limits in excess of Rs.5 crore in aggregate from banks on the basis of security of current assets of the Company. The quarterly returns/statements filed by the company with such banks are in agreement with the books of accounts of the company.
- (iii) The Company has not made any investments, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year and accordingly, the requirement to report on clause 3(iii) 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 neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, requirement to report on clause 3(v) of the order is not applicable to the company.
- (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

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- 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, 2024 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.
- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
(c) Term loans were applied for the purpose for which the loans were obtained.
(d) On an overall examination of the standalone financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Accordingly, the requirement to report on clause 3(ix) (e) of the Order is not applicable to the Company and hence not reported upon.
(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix) (f) of the Order is not applicable to the Company and hence not reported upon
- (x) (a) The Company has not raised any money during the year by way of initial public offer/ further public offer (including debt instruments) hence, the requirement to report on clause 3(x) (a) of the Order is not applicable to the Company and hence not reported upon.
(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x) (b) of the Order is not applicable to the Company and hence not reported upon
- (xi) (a) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, no fraud by the Company or no material fraud on the Company has been noticed or reported during the year.
(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
(c) The Company is not required to make and does not have Whistle Blower Policy. Accordingly, the requirement to report on clause 3(xi) (c) is not applicable to the Company.
- (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

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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) (a) The Company has an internal audit system commensurate with the size and nature of its business.
(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (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. Accordingly, the requirement to report on clause 3(xvi) is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in No 26(xvii), to the standalone financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act.
(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act.

For P G S & ASSOCIATES
Chartered Accountants
Firm Registration No.: 122384W

P H Gandhi



Premal H Gandhi
Partner

Membership No: 111592

Place: Nagpur

Date: 31st July 2024

UDIN: 24111592BKBIOY6731

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, 2024 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, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 G S & ASSOCIATES

Chartered Accountants

Firm Registration No.: 122384W

P H Gandhi



Premal H Gandhi

Partner

Membership No: 111592

Place: Nagpur

Date: 31st July 2024

UDIN: 24111592BKBIOY6731

DIFFUSION ENGINEERS LTD
Standalone Statement of Assets and Liabilities as at March 31, 2024

(All amounts in rupees Million, unless otherwise stated)

Particulars	Note No.	Year ended 31 March 2024	Year ended 31 March 2023
ASSETS			
(1) Non-Current Assets			
(a) Property, plant and equipment	3	877.93	605.73
(b) Capital work-in-progress	3 (a)	11.05	18.27
(c) Intangible assets	4	4.25	2.55
(d) Financial assets			
(i) Investments	5	295.38	212.34
(ii) Other financial assets	6	61.85	64.02
Total non-current assets		1,250.48	902.91
(2) Current Assets			
(a) Inventories	7	474.02	472.49
(b) Financial Assets			
(i) Trade receivables	8	646.80	730.17
(ii) Cash and cash equivalents	9	25.53	18.65
(iii) Other bank balances	10	-	0.03
(iv) Loans and advances	11	154.43	42.66
(v) Others financial assets	12	10.25	31.64
(c) Other current assets	13	35.45	40.63
Total current assets		1,346.48	1,336.26
Total Assets		2,596.95	2,239.18
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14	280.21	37.37
(b) Other equity	15	1,502.97	1,329.25
Total equity		1,783.19	1,366.62
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	-	16.69
(ii) Other financial liabilities	17	4.72	2.85
(b) Deferred tax liabilities (net)	18	53.34	38.38
Total non-current liabilities		58.06	57.93
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	337.08	459.29
(ii) Trade payables	20		
Total outstanding dues of micro, small and medium enterprises		109.76	9.84
Total outstanding dues of creditors other than micro enterprises, small and medium enterprises		199.08	237.66
(iii) Other financial liabilities	21	18.64	11.38
(b) Provisions	22	3.61	1.55
(c) Other current liabilities	23	81.65	91.06
(d) Current tax liabilities (net)	24	5.89	3.85
Total current liabilities		755.70	814.63
Total Equity and liabilities		2,596.95	2,239.18

The accompanying notes form an integral part of the standalone financial statements

1-45

As per our report of even date

For PGS & Associates
Chartered Accountants
F.R.N. : 0122384W

PREMAL H GANDHI
Partner
Membership Number: 111592
Place : Nagpur
UDIN
Date :31/07/2024



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

PRASHANT N. GARG
Chairman & Managing Director
DIN :- 00049106
Place : Nagpur
Date :31/07/2024



ABHISHEK MEHTA
Chief Financial Officer
Place : Nagpur
Date :31/07/2024

Ajay Jain

AJAY JAIN
Director
DIN :- 02815416
Place : Nagpur
Date :31/07/2024


CHANCHAL JAISWAL
Company Secretary
Place : Nagpur
Date :31/07/2024

DIFFUSION ENGINEERS LTD
Standalone Statement of Profit & Loss for the period ended March 31, 2024

(All amounts in rupees Million, unless otherwise stated)

Particulars	Note No.	Year ended 31 March 2024	Year ended 31 March 2023
Revenue			
I Revenue from operations	25	2,571.26	2,440.74
II Other income	26	71.94	37.78
III Total revenue (I+II)		2,643.19	2,478.52
IV Expenses			
Cost of materials consumed	27	1,264.98	1,355.60
Purchases of stock-in-trade		185.55	128.09
Changes in inventories of finished goods and work-in-progress	28	(8.01)	(31.68)
Manufacturing expenses	29	333.40	304.04
Employee benefit expenses	30	345.51	298.17
Finance costs	31	16.94	22.18
Depreciation and amortization expenses	3 & 4	38.55	33.76
Other expenses	32	147.11	142.87
Total expenses (IV)		2,324.05	2,253.03
V Profit/(loss) before Exceptional Items and Tax (III-IV)		319.14	225.48
VI Exceptional Items	33	2.57	
VII Profit/ (loss) before Tax(V-VI)		316.58	225.48
VIII Tax expenses			
- Current tax	34	67.66	51.46
(Excess)/short provision of tax relating of previous years			1.83
- Deferred tax		14.97	4.03
Total tax expenses		82.63	57.32
IX Net profit for the year (VII-VIII)		233.95	168.16
X Other comprehensive income			
(A) (i) Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit plans		(1.99)	0.20
Income tax effect on above		0.45	(0.05)
(B) (ii) Items that will be reclassified to profit or loss in subsequent periods			
Gain / (Loss) on Items designated as Fair Value Through Other Comprehensive Income			-
Income tax effect on above			-
Other comprehensive income for the year, net of tax (X)		(1.54)	0.15
XI Total comprehensive income / (loss) for the period (IX+X)		232.42	168.31
XII Earnings per equity share			
Earnings per equity share [nominal value of share Rs. 10/-]	35		
Basic		8.35	6.00
Diluted		8.35	6.00
The accompanying notes form an integral part of the standalone financial statements			
	1-45		

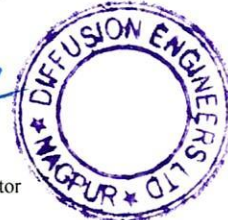
As per our report of even date
For PGS & Associates
Chartered Accountants
F.R.N. : 0122384W



PREMAL H GANDHI
Partner
Membership Number: 111592
Place : Nagpur
UDIN
Date :31/07/2024




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


PRASHANT N. GARG
Chairman & Managing Director
DIN :- 00049106
Place : Nagpur
Date :31/07/2024




AJAY JAIN
Director
DIN :- 02815416
Place : Nagpur
Date :31/07/2024


ABHISHEK MEHTA
Chief Financial Officer
Place : Nagpur
Date :31/07/2024


CHANCHAL JAISWAL
Company Secretary
Place : Nagpur
Date :31/07/2024

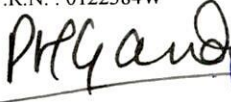
DIFFUSION ENGINEERS LTD

Standaone Cash Flow Statement for the Period ended March 31, 2024
(All amounts in rupees Million, unless otherwise stated)

(All amounts in rupees Million, unless otherwise stated)


Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
A Cash flows from operating activities		
Profit /(loss) before tax	316.58	225.48
Adjustments:		
Depreciation and amortisation	38.55	33.35
Bad Debts & Write Off	8.42	3.76
Gain / (loss) on remeasurements of the defined employee benefit plans	(1.54)	0.15
Net (gain)/loss on financial instruments at fair value through profit or loss	(29.34)	10.13
Write Back	-	-
Interest and Finance Charges	16.94	22.18
Interest Income	(4.00)	(2.50)
Loss / (Surplus) on Sale of Fixed Assets / Investments (Net)	(20.41)	(17.84)
Exceptional Item	2.57	
Operating cash flows before working capital changes and other assets	327.77	274.70
(Increase) / decrease in inventories	(1.53)	(57.13)
Decrease/ (increase) in Trade and Other Receivables	(13.25)	(300.74)
(Decrease) / increase in other current assets	5.21	(18.82)
(Decrease) / increase in Trade and Other Payables	70.45	(27.19)
(Decrease) / increase in other current liabilities	(9.41)	16.44
(Decrease) / increase in other current provisions	2.05	(1.15)
Cash generated from operations	381.31	(113.88)
Income taxes refund / (paid), net	(65.62)	(45.73)
Net Cash Flow From/(Used In) Operating Activities (A)	315.68	(159.61)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(310.76)	(56.32)
Purchase of intangible assets	(1.70)	(0.83)
Purchase of CWIP	7.22	(18.27)
Non Current investment	(53.70)	16.95
Interest Income	4.00	2.50
Profit/(loss) on sale of Investments	20.41	17.84
Net Cash Flow From/(Used In) Investing Activities (B)	(334.54)	(38.12)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	(16.69)	(11.31)
Proceeds from short-term borrowings(Net)	(122.21)	246.23
Finance Cost paid	(16.94)	(22.18)
Dividend Paid	(18.22)	(16.24)
Proceeds from Issue	202.37	
Issue Expenses	(2.57)	
Net Cash Flow From/(Used In) Financing Activities (C)	25.74	196.50
Net increase / decrease in cash and cash equivalents	6.88	(1.24)
Cash and cash equivalents at the beginning of the period	18.65	19.88
Cash & Cash Equivalents at the End of the Period(A+B+C)	25.53	18.65

As per our report of even date
For **PGS & Associates**
Chartered Accountants
F.R.N. : 0122384W



PREMAL H GANDHI
Partner
Membership Number: 111592
Place : Nagpur
UDIN
Date :31/07/2024




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


PRASHANT N. GARG
Chairman & Managing Director
DIN :- 00049106
Place : Nagpur
Date :31/07/2024




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Chief Financial Officer
Place : Nagpur
Date :31/07/2024


CHANCHAL JAISWAL
Company Secretary
Place : Nagpur
Date :31/07/2024

DIFFUSION ENGINEERS LTD

15. Standalone Statement of Change in Equity for the period ended 31 March 2024

A EQUITY SHARE CAPITAL		(Rs. in Million)
	No. of Shares	Amount
Balance as at March 31, 2021	37,37,467	37.37
Add: Issue during the year	-	-
Balance as at March 31, 2022	37,37,467	37.37
Add: Issue during the year	-	-
Balance as at March 31, 2023	37,37,467	37.37
Add: Issue during the year	2,42,83,792	242.84
Balance as at March 31, 2024	2,80,21,259	280.21

B OTHER EQUITY

(All amounts in rupees Million, unless otherwise stated)

Particulars	Retained Earnings	Securities Premium	Capital Redemption Reserve	Capital Reserve	General Reserve	Total
Balance as at 31 March 2022	998.60	29.37	4.72	17.42	122.05	1,172.15
Profit for the year	168.16	-	-	-	-	168.16
Net change in fair value of Equity investments	-	-	-	-	-	-
Remeasurement of net defined benefit plan	0.15	-	-	-	-	0.15
Interim dividend	(3.74)	-	-	-	-	(3.74)
Final Dividend	(7.47)	-	-	-	-	(7.47)
Balance as at 31 March 2023	1,155.70	29.37	4.72	17.42	122.05	1,329.25
Profit for the year	232.42	-	-	-	-	232.42
Remeasurement of net defined benefit plan	-	-	-	-	-	-
Interim dividend	(7.01)	-	-	-	-	(7.01)
Final Dividend 2022-2023	(11.21)	-	-	-	-	(11.21)
Issue of share	-	199.71	-	-	-	199.71
Utilised against Bonus shares	(6.39)	(229.07)	(4.72)	-	-	(240.18)
Balance as at 31 March 2024	1,363.51	0.00	0.00	17.42	122.05	1,502.97

Description of Reserves

Retained earnings

Retained earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

Capital Redemption Reserve

In FY 2001-02 company completed the Buy-Back of 4,72,150 equity shares of Rs. 10/- each at a Premium of Rs. 25.62 per share. The total consideration paid was Rs. 1,68, 17,981/- out of which the Premium of Rs. 1,20,96,481/- was paid by utilising the share premium account. The company has also transferred Rs. 47,21,500/- to the capital redemption reserve account from General Reserve as a consequent to the Buy-Back of shares.

Capital Reserve

The company started creating the capital reserve for receipt of state subsidy from the year 1992-93.

General reserves

General Reserve represents appropriation of retained earnings and are available for distribution to shareholders

As per our report of even date

For PGS & Associates

Chartered Accountants

F.R.N. : 0122384W

PH Gandhi



PREMAL H GANDHI

Partner

Membership Number: 111592

Place : Mumbai

UDIN

Date :31/07/2024

For and on behalf of the Board of Directors of

Diffusion Engineers Limited

Prashant N. Garg

PRASHANT N. GARG

Chairman & Managing Director

DIN :- 00049106

Place : Nagpur

Date :31/07/2024

Ajay Jain

AJAY JAIN

Director

DIN :- 02815416

Place : Nagpur

Date :31/07/2024

Abhishek Mehta

ABHISHEK MEHTA

Chief Financial Officer

Place : Nagpur

Date :31/07/2024

Chanchal Jaiswal

CHANCHAL JAISWAL

Company Secretary

Place : Nagpur

Date :31/07/2024

DIFFUSION ENGINEERS LTD

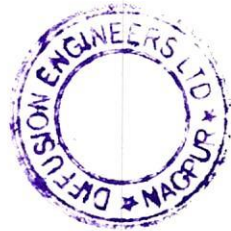
Notes forming part of the Ind AS financial statements (continued)
(All amounts in rupees Million, unless otherwise stated)

Note 3 and 3a

Property, plant and equipment

Particulars	Land Freehold	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Computers	Total	Capital work in progress (CWIP)
As at 31 March 2022	84.75	232.24	276.77	6.80	13.85	3.66	2.43	620.49	-
Additions	-	5.84	33.57	4.00	12.34	1.83	1.81	59.39	18.27
Sales/Disposals/Adjustments	-	-	2.99	-	-	-	0.08	3.07	-
As at 31 March 2023	84.75	238.08	307.35	10.80	26.19	5.48	4.16	676.81	18.27
Additions	229.41	7.99	63.84	2.57	3.83	0.94	2.04	310.62	11.66
Sales/Disposals/Adjustments	-	-	-	-	0.35	-	0.41	0.76	18.88
As at 31 March 2024	314.17	246.07	371.18	13.37	29.66	6.42	5.80	986.67	11.05
Accumulated depreciation									
As at 31 March 2022	-	7.54	25.59	1.07	2.34	0.58	0.62	37.74	-
Depreciation for the year	-	7.60	20.89	0.96	2.01	1.13	0.76	33.35	-
Sales/Disposals/Adjustments	-	-	-	-	-	-	-	-	-
As at 31 March 2023	-	15.14	46.48	2.03	4.35	1.72	1.38	71.09	-
Depreciation for the year	-	7.63	23.85	1.25	3.31	0.73	1.21	37.97	-
Sales/Disposals/Adjustments	-	-	-	-	-	-	0.32	0.32	-
As at 31 March 2024	-	22.77	70.32	3.28	7.66	2.45	2.27	108.74	-
Net block									
As at 31 March 2023	84.75	222.94	260.87	8.78	21.84	3.77	2.79	605.73	18.27
As at 31 March 2024	314.17	223.30	300.86	10.09	22.01	3.98	3.53	877.93	11.05

Particulars	Cost	Accumulated Depreciation	Net Block
Land Freehold	314.17	-	314.17
Buildings	246.07	22.77	223.30
Plant and Equipment	371.18	70.32	300.86
Furniture and Fixtures	13.37	3.28	10.09
Vehicles	29.66	7.66	22.01
Office equipment	6.42	2.45	3.98
Computers	5.80	2.27	3.53
Total	986.67	108.74	877.93



DIFFUSION ENGINEERS LTD

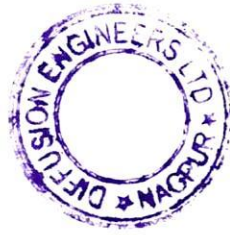
Notes forming part of the Ind AS financial statements (continued)
(All amounts in Rupees, unless otherwise stated)

Note 3a**Capital work-in-Progress**

Particulars	As at 31 March 2024	As at March 31, 2023
Carrying amount at end of year	11.05	18.27

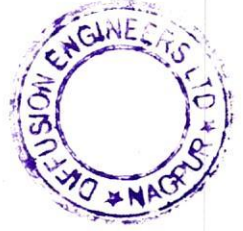
Ageing of Capital work-in-progress

Particulars	As at 31 March 2024	As at March 31, 2023
Less than 1 year	11.05	18.27
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
Total	11.05	18.27



Note 4
Intangible assets

	Technical Know-how	Software	Total
As at 31 March 2022	0.13	2.20	2.33
Additions during the period	-	1.25	1.25
Disposals / Adjustments during the year	-	-	-
As at 31 March 2023	0.13	3.45	3.58
Additions during the period	-	2.28	2.28
Disposals / Adjustments during the year	-	-	-
As at 31 March 2024	0.13	5.73	5.86
Accumulated amortisation:			
As at 31 March 2022	-	0.62	0.62
Charge for the year	-	0.41	0.41
Disposals / Adjustments during the year	-	-	-
As at 31 March 2023	-	1.03	1.03
Charge for the year	-	0.58	0.58
Disposals / Adjustments during the year	-	-	-
As at 31 March 2024	-	1.61	1.61
Carrying amount (net)			
As at 31 March 2023	0.13	2.42	2.55
As at 31 March 2024	0.13	4.12	4.25



Annexure-5a Investments - Non-current investments
(All amounts in rupees Million, unless otherwise stated)

Name of Script	As at March 31, 2024			As at March 31, 2023				
	Qty	Cost	MV	Gain/(loss)	Qty	Cost	MV	Gain/(loss)
Syndicate Bank	1,700	0.02	0.51	0.50	1,700	0.02	0.04	0.02
National Stock Exchange of India Ltd	3,000	11.70	11.91	0.21				
Total	4,700.00	11.72	12.42	0.71	1,700	0.02	0.04	0.02

Name of Mutual Fund Scheme	As at March 31, 2024			As at March 31, 2023				
	Qty	Cost	MV	Gain/(loss)	Qty	Cost	MV	Gain/(loss)
Hdfc Balanced Advantage- G					6,975	1.30	2.25	0.95
Icici Prudential Discovery Fund	35,706.00	4.67	14.08	9.41	35,706	4.67	9.77	5.10
Icici Prudential Infrastructure Fund- G	33,487.00	1.39	5.53	4.14	33,487	1.39	3.38	1.99
Icici Pru -Dynamic Plan				-	12,271	3.11	5.88	2.77
Franklin India Short Term Income Plan	13.00	0.07	1.80	1.73	476.41	2.34	2.81	0.48
HSBC Infrastructure-G				-	24,821	0.60	0.64	0.04
Parag Parikh Long Term Equity Fund-Regular Plan- C	3,12,721.00	19.35	23.41	4.06	3,14,767	13.30	15.58	2.28
Kotak Emerging Equity Fund Growth	33,572.00	2.58	3.44	0.86	1,27,811	9.00	9.49	0.49
Axis Focused 25-G Fund				-	61,905	2.75	2.26	-0.49
Invesco India Contra-G Fund	30,534.00	2.40	3.32	0.92	87,621	6.60	6.68	0.08
Aventus Absolute Return Fund				-	-	-	-	-
Hdfc Index Fund Nifty 50 Plan Regular Plan Growth	15,561.00	2.30	3.25	0.95	15,561	2.30	2.51	0.21
Kotak Equity opportunities Reg-G	14,818.00	3.46	4.34	0.88	28,846	5.78	5.86	0.08
Sbi Focused Equity Fund				-	13,932	3.15	3.03	-0.12
Akara Capital Advisors P L Outward A/C				-	15	15.00	15.01	0.01
Mas Financial Services Limited Mid 29-01-2024				-	10	10.29	10.49	0.21
Edelweiss Infrastructure Yield Plus II	350.00	3.50	3.50	-	50	0.50	0.50	-
Aventus Structured Credit Fund II	1.00	4.71	4.71	-	1	3.57	3.57	-
Hdfc Liquid Fund	1,108.00	4.63	5.21	0.58	1,108	4.63	4.86	0.23
Miraac Asset India Equity Fund- (G)[Aventus Wealth]	31,189.00	2.50	3.01	0.51	1,44,012	10.15	11.04	0.89
Icici Prudential Savings Fund- Regular- Growth	140.00	0.06	0.07	0.01				-
Axis Focused 25 Direct-G				-	34,957	2.60	2.78	0.18
Icici Prudential Savings Fund				-	140	0.06	0.07	0.00
Kotak Equity Opportunities Direct-G	56,967.00	15.60	18.47	2.87				
Parag Parikh Flexi Cap Reg-G	2,06,251.00	10.20	14.30	4.10				
Quant Flexi Cap Direct-G	36,825.00	2.50	3.76	1.26				
Nexus Select Trust REIT	49,363.00	5.05	6.31	1.26				
Kotak Liquid Direct-G	4.00	0.02	0.02	-				
Parag Parikh Liquid Direct-G	6.00	0.01	0.01	-				
Quant Overnight Direct-G	833.00	0.01	0.01	-				
HDFC Index Nifty 50 Direct	26,874.00	5.00	5.73	0.73				
JM FLEXICAP FUND DIR- GROWTH	2,51,000.00	19.50	23.80	4.30				
Quant Quantamental Direct-G	6,94,142.00	12.50	16.07	3.57				
SBI CONTRA FUND DIR GROWTH	42,663.00	13.10	15.42	2.32				
Nivama Wealth Finance Limited	100	10.00	9.57	-0.43				
Total	18,74,228	145.11	189.14	44.46	9,44,473	103.09	118.48	15.39



DIFFUSION ENGINEERS LTD
Notes forming part of the Ind AS financial statements
(All amounts in rupees Million, unless otherwise stated)

Note 5

Investments -Non-current investments

Particulars	As at March 31, 2024	As at March 31, 2023
Equity instruments		
(i) 'Investment carried at cost (Unquoted)		
(a) '- in subsidiaries		
3,760 equity shares (Previous years : 3,760 equity shares) of INR 10 each of Diffusion Super-Conditioning Services Pvt. Ltd.	3.30	3.30
95,000 equity shares (Previous years : 95,000 equity shares) of INR 10 each of Diffusion Hemon Adhesive And Sealant Pvt. Ltd.	0.95	0.95
6,85,510 equity shares (Previous years : 6,85,510 equity shares) of INR 10 each of Newelco Industries Pvt Ltd	6.67	6.67
2,50,217 equity shares (Previous years : 2,50,217 equity shares) of Diffusion Engineers Singapore Pte. Ltd.	15.44	15.44
(b) '- in Joint venture		
LSN Diffusion Ltd (Fully Paid Equity Shares) - 7,54,450 (March 31, 2022 - 7,54,450 shares, April 01, 2021)	67.46	67.46
	93.82	93.82
(ii) 'Investment carried at fair value through profit or loss		
Quoted		
(a) Investment in Equity		
'- Canara bank limited 268 (Previous Year 268) Equity shares of Canara Bank (Earlier Syndicate)	0.51	0.04
(b) Investment in mutual funds		
'- Mutual funds	201.05	118.48
	201.56	118.52
Total (i+ii)	295.38	212.34
Annxure-5a		
(a) Investments in quoted instruments:		
Aggregate carrying value	156.83	103.10
Aggregate market value	201.56	118.52



Note 6
Other non-current financial assets

Particulars	As at March 31, 2024	As at March 31, 2023
Security deposit*	14.32	12.36
Fixed deposit with Bank	47.53	51.67
Total	61.85	64.02

* Security deposit has been shown on transaction cost where terms not ascertainable.

Note 7
Inventories

(Valued at cost, unless otherwise stated)

Particulars	As at March 31, 2024	As at March 31, 2023
Consumables, Stores and Spare parts (At lower of cost and net realisable value)		-
Stock in trade		
Raw Materials	206.39	202.05
Work in Progress	111.51	140.37
Finished goods & Traded Goods	138.78	105.35
	456.68	447.77
Stock - In - Transit		
Raw Materials	15.15	9.66
Consumables, Stores and Spare parts	0.89	0.18
Traded Goods	1.30	14.88
	17.34	24.71
Total	474.02	472.49

Note 8
Trade Receivables

(Unsecured, considered good unless otherwise stated)

Particulars	As at March 31, 2024	As at March 31, 2023
Secured, considered good		-
Unsecured, considered good *	649.37	732.61
Less: Allowance for expected credit loss	2.57	2.44
Total	646.80	730.17
Receivables from related parties (Refer Note 37)	82.11	80.25
Receivables from others	564.69	649.92
	646.80	730.17



* There are some cases pending before Hon'ble NCLT court against some parties amounting to Rs 4.8 million. The company will provide necessary treatment in the books as per the directions of Hon'ble NCLT Court.

Trade Receivables ageing schedule as at 31st March 2024

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables -considered good	544.82	48.27	28.87	9.39	13.22	644.57
(ii) Undisputed Trade receivables -considered doubtful	-	-	-	-	-	-
(iii) Disputed trade receivables considered good	-	-	-	-	-	-
(iv) Disputed trade receivables considered doubtful	-	-	-	-	4.80	4.80
Total	544.82	48.27	28.87	9.39	18.02	649.37
Expected Credit Loss						2.57
Net						646.80

Trade Receivables ageing schedule as at 31st March,2023

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables -considered good	658.47	41.91	14.77	5.56	7.10	727.81
(i) Undisputed Trade receivables -considered doubtful	-	-	-	-	-	-
(iii) Disputed trade receivables considered good	-	-	-	-	4.80	4.80
(iv) Disputed trade receivables considered doubtful	-	-	-	-	-	-
Total	658.47	41.91	14.77	5.56	11.90	732.61
Expected Credit Loss						2.44
Net						730.17



Note 9

Cash and bank balances

Particulars	As at March 31, 2024	As at March 31, 2023
Cash and Cash Equivalents		
Cash on hand	0.55	0.25
Balance with scheduled banks		
in current accounts	6.41	8.40
Fixed deposit with maturity less than 3 months	18.58	10.00
	25.53	18.65

Note 10

Other bank balances

Particulars	As at March 31, 2024	As at March 31, 2023
Dividend accounts	-	0.03
Total	-	0.03

Note 11

Loans and Advances

Particulars	As at March 31, 2024	As at March 31, 2023
Loans and advances to related parties		-
Loan to employees	4.31	3.45
Advance to others	150.12	39.22
Total	154.43	42.66

Note 12

Others Financial Assets

Particulars	As at March 31, 2024	As at March 31, 2023
Deposits recoverable	10.25	8.91
Mutual Funds Receivables	0.00	22.73
Total	10.25	31.64

Note 13

Other current assets

Particulars	As at March 31, 2024	As at March 31, 2023
Prepaid expenses	0.33	0.40
Balances with government authorities		
GST receivable	3.81	3.59
Export and other incentives receivable	29.04	31.82
Custom duty paid	-	0.03
Vat and sales tax	0.32	0.32
Net surplus in defined benefit plan- gratuity fund	1.57	4.46
Deposite recoverable	0.39	-
Total	35.45	40.63



Note 16
Borrowings

Particulars	As at March 31, 2024	As at March 31, 2023
Secured		
Rupee Loan	-	7.34
Foreign Currency Loan	-	22.25
Term Loan	-	
Less: Current maturities of long-term borrowings	-	12.91
Total	-	16.69

16

- a **Interest rate of the rupee loan is in range between 7.1 % to 9.5%.
Interest rate of the above foreign currency loan is 3 Month SOFR+ spread of 3.5%.
Borrowings from banks are secured by way of**
- b :-
Secured against Mortgage of Land & Building, book debts & hypothication of Stock.
Vehicle Loans are secured by respective vehicles.
- c **Amount payable during next 12 months, disclosed under the head "Current Borrowings"**
- d **Maturity Profile of the above loan as below :**

Particulars	As at March 31, 2024	As at March 31, 2023
Within One year	-	12.91
Two to Five years	-	16.69
Total	-	29.60

Note 17
Other Non-current financial liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Vehicle/Laptop Scheme	4.72	2.85
Total	4.72	2.85

Note 18
Deferred tax liabilities (net)

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred Tax Liability:		
Timing Difference on account of Carrying amount of Property, plant and equipment and Intangible assets in the Financial Statements and the Income Tax Return	53.34	38.38
Deferred Tax Assets:		
Expense allowable for tax purpose when paid (Section 43B items)		-
Total	53.34	38.38



Note 19
Borrowings

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured		
Loan From Banks	337.08	446.38
Current maturities of long term borrowings	-	12.91
Total	337.08	459.29

Note 19.1

- a **Interest rate of the above loan in range between 7.0% to 8.5%.**
Borrowings from banks are secured by way of
- b :-
Secured against Mortgage of Land & Building, book debts & hypothication of Stock.

Note 20
Trade payables

Particulars	As at March 31, 2024	As at March 31, 2023
total outstanding dues of micro and small and medium enterprises	109.76	9.84
total outstanding dues of creditors other than micro and small and medium enterprises	199.08	237.66
	308.83	247.50

Note on MSME Disclosure

Outstanding to Small ,Micro and Medium Enterprise :March 24 : Rs 109.76 Million: March 23 : Rs. 9.84 Million. The identification of suppliers under "Micro, Small and Medium Enterprises Development Act, 2006" was done on the basis of the information to the extent provided by the suppliers to the Company. Total outstanding dues of Micro, Small and Medium Enterprises, which were outstanding for more than the stipulated period, are given below:

Particulars	As at March 31, 2024	As at March 31, 2023
Principal amount due and remaining unpaid	50.08	9.84
Interest paid	-	-
Interest due	-	-
Interest accrued and due	-	-
Interest due and remaining unpaid	-	-
	50.08	9.84

Trade Payables ageing schedule: As at 31st March 2024

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	< 1 Year	1-2 years	2-3 years	> 3 years	
(I) MSME	59.68	49.01				108.69
(ii) Others		186.25	3.39	2.05	7.39	199.08
(iii) Disputed dues- MSME			0.60	0.22	0.25	1.07
(iv) Disputed dues - Others						-

Trade Payables ageing schedule: As at 31st March,2023

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	< 1 Year	1-2 years	2-3 years	> 3 years	
(I) MSME		9.84				9.84
(ii) Others		222.88	6.04	2.98	5.77	237.66
(iii) Disputed dues- MSME						-
(iv) Disputed dues - Others						-



Note 21
Other financial liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Deposits from distributors	5.27	5.22
Interim Dividend Payable 21-22	0.00	0.03
Liabilities For Expences	8.48	6.13
Interim Dividend Payable 23-24	4.89	
Total	18.64	11.38

Note 22
Provisions

Particulars	As at March 31, 2024	As at March 31, 2023
Leave Encashment	3.61	1.55
Total	3.61	1.55

Note 23
Other current liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory Remittances	23.06	20.73
Advance Received from customers	29.24	40.71
Mobile Scheme	0.01	0.01
Other Credit Balances	29.34	29.60
Total	81.65	91.06

Note 24
Current tax liabilities (net)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for Tax- Net of Advance Tax	5.89	3.85
Total	5.89	3.85



Note 25

Revenue from operation

Particulars	As at March 31, 2024	As at March 31, 2023
Sale of Products and Services		
-Manufacturing	1,900.96	1,822.06
-Trading	207.39	148.83
-Export Sales	260.77	283.48
	2,369.13	2,254.37
Job work receipt		
-Local	176.00	151.93
-Export	2.72	10.85
	178.72	162.78
Other Operating Revenues		
Insurance, Licenses & Packing on Sales	19.78	19.20
Duty Drawback	3.63	4.39
	23.41	23.59
Total	2,571.26	2,440.74

Disclosure in accordance with Ind AS - 115 "Revenue Recognition Disclosures", of the Companies (Indian Accounting Standards) Rules, 2015

Revenue disaggregation is as follows

	As at March 31, 2024	As at March 31, 2023
Disaggregation of goods		
Manufactured Products	2,161.73	2,105.55
Trading Products	207.39	148.83
Job Works	178.72	162.78
Other Unallocated- Insurance, License sale and Duty Drawback	23.41	23.59
	2,571.26	2,440.74

Disaggregation based on geography

	As at March 31, 2024	As at March 31, 2023
India	2,307.76	2,146.40
Outside India	263.49	294.34
	2,571.26	2,440.74

Geographical location is based on the location of customers excluding export incentives
Information about major customers

	As at March 31, 2024	As at March 31, 2023
Customer Type		
Customers under Government Projects	184.25	462.31
Industrial Customers	2,123.52	1,684.10
Export Customers	263.49	294.34
Total	2,571.26	2,440.74



Note 26
Other Income

Particulars	As at March 31, 2024	As at March 31, 2023
Interest income		
- on Deposit	4.00	2.50
- Unwinding of discount on security deposits and others	0.20	0.19
Foreign exchange gain (net)	1.96	3.70
Profit on sale of assets and investment	20.41	17.84
Net gain on financial instruments at fair value through profit or loss	29.34	-
Rent income	0.17	-
Insurance claim receipt	2.68	0.39
Export incentive	12.79	12.13
Miscellaneous income	0.08	0.62
Dividend income	0.31	0.39
Total	71.94	37.78

Note 27
Cost of materials consumed

Particulars	As at March 31, 2024	As at March 31, 2023
As at beginning of the period	211.71	167.77
Add: Purchases	1,259.66	1,399.54
Less : As at end of the period	206.39	211.71
Total	1,264.98	1,355.60

Note 28
Changes in inventories of finished goods and work-in-progress

Particulars	As at March 31, 2024	As at March 31, 2023
Inventories at the beginning of the year:		
Stock-in-trade	55.57	39.08
Finished goods	52.61	45.28
Work-in-progress	140.37	132.51
	248.55	216.87
Inventories at the end of the year:		
Stock-in-trade	87.18	55.57
Finished goods	57.87	52.61
Work-in-progress	111.51	140.37
	256.56	248.55
Total	(8.01)	(31.68)



Note 29
Manufacturing expenses

Particulars	As at March 31, 2024	As at March 31, 2023
Consumable, stores and spare parts material Consumed		
Inventories at the beginning of the year:	12.22	12.91
Add:- Purchases for the year	57.72	55.15
Inventories at the end of the year:	11.07	12.22
	58.87	55.84
Custom duties expenses	10.50	16.75
Job work charges	144.53	130.19
Labour charges	34.69	25.08
Carriage inward and clearing charges	18.89	21.85
Power and fuel	57.65	46.08
Lease rental	7.93	7.93
Water charges	0.34	0.32
	274.53	248.20
Total	333.40	304.04

Note 30
Employee benefits expenses

Particulars	As at March 31, 2024	As at March 31, 2023
Salaries, wages and bonus	315.23	263.38
Post employment benefits		
-Contribution to provident and other funds	15.96	13.79
-Gratuity and other defined benefit plans	3.33	0.50
Staff welfare expenses	3.17	6.33
Sales Commission to employees	6.08	7.13
Directors' Commission	1.75	7.05
	345.51	298.17

Note 31
Finance cost

Particulars	As at March 31, 2024	As at March 31, 2023
-Interest expense on:		
Borrowings	13.69	18.19
Other borrowing costs	3.26	3.99
Total	16.9434	22.18



Note 3 & 4**Depreciation and amortisation expense**

Particulars	As at March 31, 2024	As at March 31, 2023
Depreciation of tangible assets	37.97	33.35
Amortisation of intangible assets	0.58	0.41
Total	38.55	33.76

Note 32**Other expenses**

Particulars	As at March 31, 2024	As at March 31, 2023
Rent	4.72	4.36
Security charges	7.20	5.62
Rates and taxes	2.57	2.00
Repairs and maintenance:		
-Machinery	1.18	2.07
-Vehicles	2.85	3.40
-Others	4.58	4.63
Insurance expense	4.69	4.07
Travelling, communication and conveyance expenses	35.09	32.48
Directors sitting fees	1.78	0.56
Commission expenses	6.95	6.39
Packing, forwarding and distribution expenses	24.65	31.71
Advertisements and sales promotion expenses	0.68	2.48
Payment to auditors		
-As auditor - Audit fees	1.43	0.48
-For other services	0.08	0.38
Bad debts w/off / ECL Provsion	8.42	3.76
Legal and professional fees	18.73	14.56
Loss on sale of fxed assets	0.02	0.33
Net loss on financial instruments at fair value through profit or loss	-	10.13
Expenditure on corporate social responsibility	3.00	3.40
Miscellaneous expenses	18.49	10.06
Total	147.11	142.87

Note 33**Exceptional Items**

Particular	As at March 31, 2024	As at March 31, 2023
Share issue Expenses	2.57	

* The company filed for DRHP to raise funds from the public on 27th April 2024 and is currently awaiting necessary regulatory approvals



DIFFUSION ENGINEERS LTD

Notes forming part of the Ind AS financial statements
(All amounts in rupees Million, unless otherwise stated)

14. Authorised, issued, subscribed and paid-up share capital

	As at March 31, 2024	As at March 31, 2023
Authorised share capital		
Equity share capital		
4,00,00,000 (Previous Years 50,00,000) equity shares of Rs.10 each	400.00	50.00
	<u>400.00</u>	<u>50.00</u>
Issued, subscribed and paid-up share capital		
Equity share capital		
2,80,21,259 (Previous Years 37,37,467) Equity shares of Rs 10/- each fully paid up	280.21	37.37
	<u>280.21</u>	<u>37.37</u>

Rights, preferences and restrictions attached to the equity shares

The Company has issued only one class of equity shares having a face value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by board of directors is subject to the approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

Details of shares held by each shareholder holding more than 5%

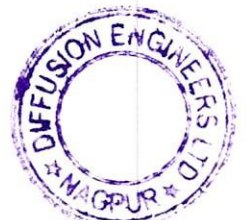
Name of Shareholders	As at 31st March 2024		As at 31st March 2023	
	% held	Nos	% held	Nos
Equity shares with voting rights				
NK Garg (HUF)	7.44%	20,85,279	7.97%	2,97,897
Mr Prashant Garg	37.04%	1,03,79,551	38.97%	14,56,593
Dr Nitin Garg	24.54%	68,76,254	26.28%	9,82,322
Mrs Chitra Garg	21.88%	61,30,971	22.73%	8,49,653

Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	As at 31st March 2024	As at 31st March 2023
Equity shares		
Outstanding at the beginning of the year	37,37,467	37,37,467
Add: Shares issued during the year	2,42,83,792	-
Outstanding at the end of the year	<u>2,80,21,259</u>	<u>37,37,467</u>

Number of shares held by promoters:

Name of Shareholders	As at 31st March 2024		As at 31st March 2023	
	% held	Nos	% held	Nos
Mr Prashant Garg	37.04%	1,03,79,551	38.97%	14,56,593
Dr Nitin Garg	24.54%	68,76,254	26.28%	9,82,322
Mrs Chitra Garg	21.88%	61,30,971	22.73%	8,49,653
Nitin and Renuka Garg	1.88%	5,26,967	2.01%	75,281
Prashant and Neelu Garg	0.23%	65,548	0.25%	9,364



DIFFUSION ENGINEERS LTD

Notes forming part of the Ind AS financial statements (continued)
(All amounts in rupees Million, unless otherwise stated)

Note 34

Tax Expense

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Current tax (including earlier years)	67.66	53.29
Deferred tax	14.97	4.03
Income tax expense reported in the statement of profit and loss	82.63	57.32

Other comprehensive income

Deferred tax charge/ (credit) on remeasurements losses of defined benefit	0.45	(0.05)
Total tax expense	82.17	57.37

The major components of income tax expense and reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 2024 25.17%, and 2023 25.17% respectively and the reported tax expense in the statement of profit or loss are as follows:

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

Accounting profit before income tax	316.58	225.48
At country's statutory income tax rate of 25.17% 31 March 2024 and 31 March 2023: 25.17%	79.68	56.75

Tax effect of amounts which are not deductible (taxable) in calculating taxable income:

Difference Between Book Depreciation And Tax Depreciation	(4.65)	(4.40)
Net Expenses disallowed/allowed under Income Tax	7.51	(0.49)
Fair Value Gain as per IND AS	-7.39	-
Effect of Deferred Tax	14.97	4.03
Others	-7.95	1.47
	82.17	57.37

Note 35

Earning Per Equity Share

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Net profit attributable to equity shareholders		
Net profit for the year	233.95	168.16
Nominal value of equity share Rs.	10.00	10.00
Total number of equity shares outstanding at the beginning of the year	3.74	3.74
Total number of equity shares outstanding at the end of the year	28.02	3.74
Weighted-average number of equity shares (Post Bonus Issue)	28.02	28.02
Basic	8.35	6.00
Diluted	8.35	6.00

Note 36

Employee benefit obligations

Defined contribution plan

The Company makes contribution to statutory provident fund as per Employees Provident Fund and Miscellaneous Provisions Act, 1952. This is a defined contribution plan as per IND-AS 19.

(Rs. in Million)

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Employers Contribution to Provident Fund/ Pension Fund	13.03	14.32
Employers Contribution to ESIC	1.71	1.78
Total	14.74	16.10



Defined Benefit Plan for Gratuity & for Leave Encashment :

(i) Actuarial gains and losses in respect of defined benefit plans are recognised in the Financial statements through other comprehensive income.

(ii) Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

(a) Asset Volatility :

(i) The plan liabilities are calculated using a discount rate; if plan assets under perform compared to the discount rate, this will create or increase a deficit.

(ii) As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

(b) Life Expectancy :

The majority of the plan's obligations are to provide benefits for the service life of the member, so increases in service life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in service life expectancy.

The amounts recognized in the Balance Sheet are as follows :

(Rs. in Million)

Particulars	Leave Encashment	
	Year ended 31 March 2024	Year ended 31 March 2023
Present value of obligation at the end of year	2.70	2.70
Fair value of plan assets at the end of year	-	-
Net liability recognized in the Balance Sheet	2.70	2.70

The amounts recognized in the Balance Sheet are as follows :

(Rs. in Million)

Particulars	Gratuity	
	Year ended 31 March 2024	Year ended 31 March 2023
Present value of obligation at the end of year	27.72	22.60
Fair value of plan assets at the end of year	29.29	27.06
Net liability (asset) recognized in the Balance Sheet	(1.57)	(4.46)

The amounts recognized in the Statement of Profit and Loss are as follows:

(Rs. in Million)

Particulars	Leave Encashment	
	Year ended 31 March 2024	Year ended 31 March 2023
Current Service Cost	0.59	0.96
Interest Cost	0.20	0.19
Past Service Cost	-	-
Benefits Paid	-	-
Recognized Net Actuarial (Gain)/ Loss	0.12	(1.15)
Total, included in Employee Benefit Expenses	0.90	0.00

The amounts recognized in the Statement of Profit and Loss are as follows:

(Rs. in Million)

Particulars	Gratuity	
	Year ended 31 March 2024	Year ended 31 March 2023
Current Service Cost	2.66	2.17
Interest Cost	-0.32	(0.34)
Past Service Cost	-	-
Benefits Paid	-	-
Recognized Net Actuarial (Gain)/ Loss	-	-
Total, included in Employee Benefit Expenses	2.35	1.83



(Rs. in Million)

Particulars	Leave Encashment	
	Year ended 31 March 2024	Year ended 31 March 2023
Defined benefit obligation at beginning of the year	2.70	2.70
Current Service Cost	0.59	0.96
Past Service Cost	-	-
Interest Cost	0.20	0.19
Benefits Paid	-	-
Actuarial (Gain)/ Loss	0.12	(1.15)
Defined benefit obligation at the end of the year	3.61	2.70

(Rs. in Million)

Particulars	Gratuity	
	Year ended 31 March 2024	Year ended 31 March 2023
Defined benefit obligation at beginning of the year	22.60	19.43
Current Service Cost	2.66	2.17
Past Service Cost	-	-
Interest Cost	1.62	1.34
Benefits Paid	-1.14	(1.21)
Other (Employee contribution, tax expenses)	-0.08	(0.06)
Actuarial (Gain)/ Loss	2.06	0.94
Defined benefit obligation at the end of the year	27.72	22.60

Particulars	Gratuity	
	Year ended 31 March 2024	Year ended 31 March 2023
Defined benefit plan at beginning of the year	27.06	21.21
Interest income	1.93	1.67
Employer contribution	1.44	4.32
Benefits Paid	-1.22	(1.27)
Actuarial Gain/ (Loss)	0.07	1.14
Defined benefit plan at the end of the year	29.28	27.06

The Financial assumptions used in accounting for the Gratuity Plan & Leave Encashment are set out below:

Particulars	Leave Encashment	
	Year ended 31 March 2024	Year ended 31 March 2023
(i) Discount Rate	7.10%	7.35%
(ii) Salary Escalation Rate	5.00%	5.00%

Particulars	Gratuity	
	Year ended 31 March 2024	Year ended 31 March 2023
(i) Discount Rate	7.10%	7.35%
(ii) Salary Escalation Rate	5.00%	5.00%
(iii) Expected Rate of Return on Plan Assets	7.10%	7.35%

The Demographic assumptions used in accounting for the gratuity plan & leave encashment are set out below:

Particulars	Leave Encashment	
	Year ended 31 March 2024	Year ended 31 March 2023
(i) Retirement Age	58 years	58 years
(ii) Employee Turnover :		
18-30 Years	1.00%	1.00%
30-45 Years	1.00%	1.00%
Above 45 Years	1.00%	1.00%

Particulars	Gratuity	
	Year ended 31 March 2024	Year ended 31 March 2023
(i) Retirement Age	58 years	58 years
(ii) Employee Turnover :		
18-30 Years	1.00%	1.00%
30-45 Years	1.00%	1.00%
Above 45 Years	1.00%	1.00%



Bifurcation of Present Value of Obligations at the end of the valuation period as per Schedule III of the Companies Act, 2013

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
(i) Current liabilities	0.80	0.70
(ii) Non Current liabilities	2.81	2.00

The Sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Expected Cash flow for following years

Expected Cash Flow for the Next Ten Years	(Rs. in Million)	
	Year ended 31 March 2024	Year ended 31 March 2023
Year 1	4.36	2.46
Year 2	1.61	1.95
Year 3	2.53	1.32
Year 4	1.35	2.22
Year 5	1.62	1.08
Year 6 to 10	10.98	9.55

The estimates of future salary increase, considered in actuarial valuation, take into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market. The Company evaluates these assumptions annually based on its long-term plans of growth and industry standards. The discount rate is based on prevailing market yields on government securities as at balance sheet date for the estimated term of the obligations.

Note 37**Contingent Liabilities****Contingent Liabilities not provided for :**

- Claims against the company not acknowledge as Debt
a. Excise duty liability disputed

	Year ended 31 March 2024	Year ended 31 March 2023
	-	1.66
		1.66



Note 38**Related party transactions****38.1 Names of related parties and description of relationship:**

Relationship	Name of the related party
Associate of Subsidiary	M/s Mecdiff SD. BHD. (Associate of Diffusion engineers Singapore)
Joint Venture	LSN Diffusion Ltd (Joint Venture with Diffusion engineers Ltd)
Key Management Personnel	Mr. Prashant Garg Mr. Ajay Jain Ms. Anita Vijaykar Mr Abhishek Mehta Ms Chanchal Jaiswal
Relatives of Key Managerial Personnel	Mrs. Chitra N Garg N. K. Garg HUF Mr. Nitin N Garg Mrs Neelu Garg Ajay Jain (H.U.F) Mrs Daksha Jain Mrs Disha Mehta
Common Management	Devi Kiran Advisory Services LLP Benvira Forward Algorithms Private Limited



38.2 Details of related party transactions

	(Rs. in Million)	
	Year ended 31 March 2024	Year ended 31 March 2023
Sales		
Diffusion Engineers Singapore Pte. Ltd.	30.79	39.94
Diffusion Hemon Adhesive & Sealants Pvt Ltd	0.45	1.37
Diffusion Super-Conditioning Services Pvt. Ltd.	91.73	51.65
M/s Diffusion Wear Solutions Philippines Inc.	63.51	54.94
M/s Mecdiff SD. BHD.	12.58	8.94
Nowelco Industries Pvt. Ltd.	3.60	4.19
Benvira Forward Algorithms Private Limited	5.41	
Total Credit Notes Towards Commission		
LSN Diffusion Ltd	42.68	0.21
Purchase		
Benvira Forward Algorithms Private Limited	0.00	0.00
Diffusion Super-Conditioning Services Pvt. Ltd.	0.75	1.04
LSN Diffusion Ltd	42.96	35.37
Diffusion Hemon Adhesive & Sealants Pvt Ltd	0.00	0.00
Nowelco Industries Pvt. Ltd.	141.13	52.40
Diffusion Engineers Singapore Pte. Ltd.		22.53
Reimbursement		
Benvira Forward Algorithms Private Limited	0.01	0.29
Diffusion Hemon Adhesive & Sealants Pvt Ltd	0.26	0.03
Diffusion Super-Conditioning Services Pvt. Ltd.	1.43	0.86
LSN Diffusion Ltd	0.09	0.57
Nowelco Industries Pvt. Ltd.	5.43	6.00
Mr. Prashant Garg	2.41	2.59
Commission		0.00
Mr. Prashant Garg	0.00	2.50
Mr. Ajay Jain	0.35	0.35
Mrs. Neelu Garg		3.50
Mrs. Renuka Garg	0.35	0.35
Ms. Anita Vijaykar	0.35	0.35
Mrs. Chitra N Garg	0.35	
Mr. Anil Trigunyat	0.35	
Debit / (Credit) due to exchange fluctuation		
Diffusion Engineers Singapore Pte. Ltd.	0.18	0.75
LSN Diffusion Ltd	0.28	-0.28
M/s Diffusion Wear Solutions Philippines Inc.	0.08	0.49
M/s Mecdiff SD. BHD.	0.08	0.11
Benvira Forward Algorithms Private Limited		0.00
Dividend		0.00
Mr. Prashant Garg	6.98	4.37
Ajay Jain (H.U.F)	0.05	0.03
Mr. Nitin N Garg	4.67	2.95
Mrs Daksha Jain	0.00	0.00
Mrs. Chitra N Garg	4.08	2.55
Mrs. Neelu Garg	0.03	0.03
Mrs. Renuka Garg	0.36	0.23
N. K. Garg HUF	1.42	0.89
Ms. Anita Vijaykar	0.00	0.00
Mr Abhishek Mehta	0.00	
Mr Ajay Jain	0.01	
Remuneration		0.00
Mr. Prashant Garg	20.00	16.65
Mrs. Neelu Garg	5.52	1.92
Sitting Fees to Directors		
Renuka Garg	0.36	0.14
Ajay Jain	0.40	0.14
Anil Trigunayat	0.11	-
Anita Vijaykar	0.40	0.14
Prashant garg	0.41	0.14
Chitra Garg	0.11	-
Rent		
Mrs. Chitra N Garg	3.03	2.67
N. K. Garg HUF	0.22	0.19
Mr. Prashant Garg	0.73	0.70



Key Managerial Personnel - Remuneration		
Mr Abhishek Mehta	1.82	-
Ms Chanchal Jaiswal	0.60	-
	-	
Relatives of Key Managerial Personnel - Consultancy		
Mrs Disha Mehta	1.50	-
Rent Receipt		
Diffusion HERNON Adhesive & Sealants Pvt Ltd	0.17	0.20
Purchase of land		
Mr. Prashant Garg	13.33	
Mr. Nitin N Garg	13.33	
Mrs. Chitra N Garg	13.33	
	538.75	324.40

38.3

Details of outstanding to/from related parties

	Year ended 31 March 2024	Year ended 31 March 2023
Trade Payables		
Benvira Forward Algorithms Private Limited		-
Diffusion Super-Conditioning Services Pvt. Ltd.		-
LSN Diffusion Ltd	-	1.48
Nowelco Industries Pvt. Ltd.		-
Diffusion Engineers Singapore Pte. Ltd.		0.73
Trade receivables		
Diffusion Engineers Singapore Pte. Ltd.	23.79	19.26
Diffusion HERNON Adhesive & Sealants Pvt Ltd	0.36	1.56
Diffusion Super-Conditioning Services Pvt. Ltd.	19.33	11.15
M/s Diffusion Wear Solutions Philippines Inc.	24.03	39.00
M/s Mecdiff SD. BHD.	7.78	1.51
Nowelco Industries Pvt. Ltd.	6.82	7.77
Benvira Forward Algorithms Private Limited	6.28	-
Total Debit Notes towards expenses		
Nowelco Industries Pvt. Ltd.	1.17	8.50
Reimbursement Payable		
Mr. Prashant Garg		0.16
Rent Deposit		
Diffusion HERNON Adhesive & Sealants Pvt Ltd	0.04	0.04



DIFFUSION ENGINEERS LTD

Notes forming part of the Standalone financial statements for the period ended March 31, 2024

1 Corporate Information:

We are engaged in the business of manufacturing welding consumables, wear plates and wear parts and heavy engineering machinery for core industries. With over four decades of experience, our Company is dedicated to providing specialized repairs and reconditioning services for heavy machinery and equipment. Additionally, we are also involved in trading of anti-wear powders and welding and cutting machinery. We provide a super conditioning process at our manufacturing facilities, a surface treatment solution for machine components that enhances wear resistance, eliminates stress and improves their reparability ultimately extending their lifespan and reducing production costs. We have developed a synergistic system of forward integration whereby we manufacture special purpose electrodes and flux cored wires which are utilized for manufacturing wear resistance plates (commonly known as wear plates).

2 Basis of preparation of financial statements and significant accounting policies:

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act for the purpose of preparation of Red Herring prospectus.

2.2 Basis of Measurement

These financial statements have been prepared in Indian Rupee which is the functional currency of the Company. These financial statements have been prepared on historical cost basis, except for certain financial instruments which are measured at fair value or amortised cost at the end of each reporting period, as explained in the accounting policies below.

2.3 Use of judgments, estimates and assumptions

In preparing these standalone financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

2.4 Property, plant and equipment

Recognition and measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are measured at cost of acquisition or construction less accumulated depreciation and accumulated impairment loss, if any.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any discounts and rebates are deducted in arriving at the purchase price.

Borrowing costs directly attributable to the construction or acquisition of a qualifying asset up to completion or acquisition are capitalized as part of the cost. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

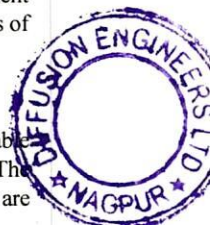
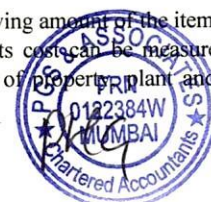
Property, plant and equipment under construction are disclosed as capital work-in-progress. Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed under "Other non-current assets".

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2021 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit and loss as incurred.



DIFFUSION ENGINEERS LTD

Notes forming part of the Standalone financial statements for the period ended March 31, 2024

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no future benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income/expenses in the statement of profit and loss.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment as prescribed in Schedule II of the Companies Act 2013 except in the cases mentioned below where the management based on the technical evaluation have estimated the life to be lower than the life prescribed in schedule II.

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Depreciation is also not recorded for Land.

2.5 Intangible assets

Recognition and measurement

Intangible assets are recognised when the asset is identifiable, is within the control of the Company, it is probable that the future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be reliably measured.

Intangible assets acquired by the Company that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses (if any).

Subsequent measurement

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Amortisation is not recorded on intangible assets under development until development is complete and the asset is ready for its intended use.

The intangible asset are amortised over the estimated useful lives as given below: -

Computer Software : 3 years

2.6 Inventories

Raw materials and traded goods are valued at lower of cost or net realizable value. The costs of these items of inventory comprises of cost of purchase and other incidental costs incurred to bring the inventories to their present location and condition. However, raw materials are written down below cost only when the finished product to which they belong are written down below cost and the replacement cost of that raw material is lower than cost. Cost of raw materials and traded goods are determined on "Weighted Average" /"FIFO" basis.

Work-in-process and Finished goods are valued at lower of cost or net realizable value. The cost includes direct materials, labour, other direct costs and related production overheads based on normal operating capacity. Cost is determined on "Weighted Average" /"FIFO" basis.

2.7 Foreign currencies transactions

Transactions and balances

In preparing the financial statements of each individual Company entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.



DIFFUSION ENGINEERS LTD

Notes forming part of the Standalone financial statements for the period ended March 31, 2024

2.8 Borrowing costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized in the cost of that asset. Qualifying assets are those assets which necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised in the year in which they are incurred.

2.9 Current and Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

All assets and liabilities are classified into current and non-current.

An asset is treated as current when it is:

It is expected to be realised in or is intended for sale or consumption in the Company's normal operating cycle;

Held primarily for the purpose of trading;

It is expected to be realised within 12 months after the reporting date; or

It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

A liability is current when:

It is expected to be settled in the Company's normal operating cycle;

It is held primarily for the purpose of being traded;

It is due to be settled within 12 months after the reporting date; or

The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

2.10 Investment

Current investments are carried at lower of cost and fair value. Non-current investments are stated at cost. Provision for diminution in the value of long term investment is made only if such a decline is other than temporary.

Investments in subsidiaries and associates

The Company has elected to recognise its investments in subsidiary and associate companies at cost in accordance with the option available in Ind AS 27, Separate Financial Statements.

2.11 Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.



DIFFUSION ENGINEERS LTD

Notes forming part of the Standalone financial statements for the period ended March 31, 2024

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

2.12 Lease

The Company, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.



DIFFUSION ENGINEERS LTD

Notes forming part of the Standalone financial statements for the period ended March 31, 2024

2.13 Income tax

Income tax expense comprises current tax and deferred tax. Income tax expenses are recognised in statement of profit or loss except to the extent that it relates to items recognized in other comprehensive income (OCI).

Current tax

Current tax is the tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of the previous year. It is measured using tax rates (and tax laws) enacted or substantially enacted by the reporting date.

Current tax assets/liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax assets (if any) are recognised only to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets/liabilities are reviewed at each balance sheet date and are recognised/ reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

2.14 Provisions

A Provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the

2.15 Contingent Liabilities

Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by the future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent Assets

Contingent assets are not recognised in the financial statements. A contingent asset is disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually and , if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

2.16 Financial Instruments:

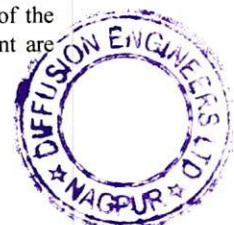
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Financial assets include cash and cash equivalents, trade and other receivables, investments in securities and other eligible current and non-current assets.

At initial recognition, all financial assets are measured at fair value. Such financial assets are subsequently classified under one of the following three categories according to the purpose for which they are held. The classification is reviewed at the end of each reporting period.

Financial assets at amortised cost: At the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates. These financial assets are intended to be held until maturity. Therefore, they are subsequently measured at amortised cost by applying the Effective Interest Rate (EIR) method to the gross carrying amount of the financial asset. The EIR amortisation is included as interest income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.



DIFFUSION ENGINEERS LTD

Notes forming part of the Standalone financial statements for the period ended March 31, 2024

Financial assets at fair value through other comprehensive income: At the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates, as well as held for selling. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in Other Comprehensive Income (OCI). Interest income calculated using the Effective Interest Rate (EIR) method, impairment gain or loss and foreign exchange gain or loss are recognised in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the OCI to Statement of Profit and Loss.

Financial assets at fair value through profit or loss: At the date of initial recognition, financial assets are held for trading, or which are measured neither at Amortised Cost nor at Fair Value through OCI. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in the Statement of Profit and Loss.

Investment in Equity shares of subsidiaries and associates are valued at cost.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

The company assesses impairment based on the expected credit losses (ECL) model to all its financial assets measured at amortised cost.

(b) Financial liabilities

Financial liabilities include long-term and short-term loans and borrowings, trade and other payables and other eligible current and non-current liabilities.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and other payables, net of directly attributable transaction costs. After initial recognition, financial liabilities are classified under one of the following two categories:

Financial liabilities at amortised cost: After initial recognition, such financial liabilities are subsequently measured at amortised cost by applying the Effective Interest Rate (EIR) method to the gross carrying amount of the financial liability. The EIR amortisation is included in finance expense in the profit or loss.

Financial liabilities at fair value through profit or loss: which are designated as such on initial recognition, or which are held for trading. Fair value gains / losses attributable to changes in own credit risk is recognised in OCI. These gains / losses are not subsequently transferred to Statement of Profit and Loss. All other changes in fair value of such liabilities are recognised in the Statement of Profit and Loss.

The Company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

2.17 Revenue Recognition

Revenue from contracts with customer

Revenue from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset. Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and goods & service tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts if any.

Rental income

Rental income from investment property is recognised as part of revenue from operations in profit or loss on a straight-line basis over the term of the lease.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Receipts from insurance claims are accounted after the same is approved by the insurance company.



DIFFUSION ENGINEERS LTD

Notes forming part of the Standalone financial statements for the period ended March 31, 2024

2.18 Earnings per share

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

2.19 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

The Company has not presented standalone segment information as permitted by Ind AS 108 – Operating Segments, as segment information of the Group is included in consolidated financial statements.

2.2 Cash and Cash Equivalents

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

2.21 Statement of Cash Flows

Statement of Cash flows is reported using the indirect method, whereby profit for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.22 Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current

Share holder of diffusion engineers Ltd has approved bonus of 1:6 in the EGM dated 18th Nov 2023 and allotment made vide Board

2.23 Meeting dated 29th Nov 2023

Total No of shares	3.73
issue	0.26
current share	4.00
Bonus 1:6	24.01
Total Shares After Bonus Issue	28.02



DIFFUSION ENGINEERS LTD
Notes forming part of the Ind AS financial statements (continued)
(All amounts in rupees Million, unless otherwise stated)

Note 39
Financial Instruments by Category

A. Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the financial instruments of the Company

Financial Instruments by category	Carrying Value	
	Year ended 31 March 2024	Year ended 31 March 2023
Financial Assets at Amortised Cost		
Cash and Bank Balances	25.53	18.67
Investments	156.83	196.93
Other Financial Assets	72.09	95.66
Trade Receivables	646.80	730.17
Loans and advances	154.43	42.66
Total	1,055.68	1,084.09
Financial Liabilities at Amortised Cost		
Trade Payables	308.83	247.50
Borrowings	337.08	475.98
Other Financial Liabilities	23.36	14.23
Total	669.27	737.71

Financial Instruments by category	Fair Value	
	Year ended 31 March 2024	Year ended 31 March 2023
Financial Assets at Amortised Cost		
Cash and Bank Balances	25.53	18.67
Investments	295.38	212.34
Other Financial Assets	72.09	95.66
Trade Receivables	646.80	730.17
Loans and advances	154.43	42.66
Total	1,194.24	1,099.50
Financial Liabilities at Amortised Cost		
Trade Payables	308.83	247.50
Borrowings	337.08	475.98
Other Financial Liabilities	23.36	14.23
Total	669.27	737.71

The following methods and assumptions were used to estimate the fair values:

Cash and short-term deposits, trade receivables, loans, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long-term receivables/payables are evaluated by the Company based on parameters such as interest rates, risk factors, individual creditworthiness of the counterparty and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

All foreign currency denominated assets and liabilities are translated using exchange rate at reporting date.



DIFFUSION ENGINEERS LTD

Notes forming part of the Ind AS financial statements (continued)

(All amounts in rupees Million, unless otherwise stated)

Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs based on unobservable market data.

Quantitative Disclosures of Fair Value Measurement Hierarchy for Assets:**(Rs. in Million)**

Particulars	Carrying Amount	Year ended 31 March 2024		
		Level of input used in		
		Level 1	Level 2	Level 3
Financial Assets at Amortised Cost				
Cash and Bank Balances	25.53	-	-	25.53
Investments	156.83	201.56	-	156.83
Other Financial Assets	72.09	-	-	72.09
Trade Receivables	646.80	-	-	646.80
Financial Liabilities at Amortised Cost				
Trade Payables	308.83	-	-	308.83
Borrowings	337.08	-	-	337.08
Other Financial Liabilities	23.36	-	-	23.36

Quantitative Disclosures of Fair Value Measurement Hierarchy for Assets:**(Rs. in Million)**

Particulars	Carrying Amount	Year ended 31 March 2023		
		Level of input used in		
		Level 1	Level 2	Level 3
Financial Assets at Amortised Cost				
Cash and Bank Balances	18.67	-	-	18.67
Investments	196.93	118.52	-	196.93
Other Financial Assets	95.66	-	-	95.66
Trade Receivables	730.17	-	-	730.17
Financial Liabilities at Amortised Cost				
Trade Payables	247.50	-	-	247.50
Borrowings	475.98	-	-	475.98
Other Financial Liabilities	14.23	-	-	14.23



DIFFUSION ENGINEERS LTD

Notes forming part of the Ind AS financial statements (continued)

Notes to the standalone financial statements for the Period ended March 31, 2024

40 Financial Instruments (Contd.)**B. Financial Risk Management**

Diffusion engineers limited is exposed primarily to market risk (fluctuation in foreign currency exchange rates & interest rate), credit, liquidity which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment & seeks to mitigate potential adverse effects on the financial performance of the Company.

1. Capital Management :**The company's capital management objectives are:**

- (i) The Board policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital employed.
- (ii) The Company manages capital risk by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary.
- (iii) The Company uses debt equity ratio as a capital management index and calculates the ratio as the net debt divided by total equity. Net debts and total equity are based on the amounts stated in the financial statements.

(iv) Debt Equity Ratio is as follows:

(Rs. in Million)

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Debt (A)	337.08	475.98
Equity (B)	1,783.19	1,366.62
Debt Equity Ratio (A/B)	0.19	0.35

2. Credit Risk :

- (i) Credit risk is the risk of financial loss arising from counter-party failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.
- (ii) Financial instruments that are subject to concentration of credit risk principally consists of trade receivables, investments, derivative financial instruments and other financial assets. None of the financial instruments of the Company results in material concentration of credit risk.

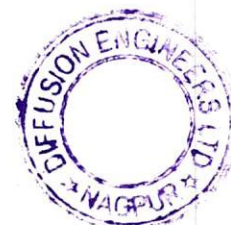
3. Liquidity Risk :

Liquidity Risk Management : Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Maturities of Borrowings :

The following table details the Company's expected maturity for borrowings :

Exposure to Risk	Year ended 31 March 2024	Year ended 31 March 2023
Interest bearing borrowings:		
On Demand	337.08	446.38
Less than 180 Days	-	10.13
181-365 Days		2.78
More than 365 Days		16.69



DIFFUSION ENGINEERS LTD

Notes forming part of the Ind AS financial statements (continued)

Notes to the standalone financial statements for the Period ended March 31, 2024

4. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

a) Foreign Currency Exchange Rate Risk :

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in AED, US Dollar, Australian Dollar, Great Britain Pound, Euro, JPY against the respective functional currencies of the Company. The Company, as per its risk management policy, evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks & uses derivative instruments primarily to hedge foreign exchange (if required).

Foreign Currency Exposures :

Particulars	Currency type	Year ended 31 March 2024	Year ended 31 March 2023
I. Trade receivables/Advance	USD	0.98	1.54
	EURO	0.04	0.07
	SGD		0.03
	AED		-
	AUD		0.01
Total		1.02	1.65
II. Borrowing balances :	USD	-	0.27
Total			0.27
III. Trade payables :	USD	0.30	0.11
	EUR	0.02	0.22
	AUD		-
Total		0.32	0.33

Foreign Currency Sensitivity :

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

Particulars	Currency	Change in rate	Effect on profit before tax
Year ended 31 March 2024	USD	+100%	0.68
	USD	-100%	(0.68)
	EUR	+100%	0.02
	EUR	-100%	(0.02)
	SGD	+100%	
	SGD	-100%	
	AED	+100%	
	AED	-100%	
	AUD	+100%	
	AUD	-100%	
March 31, 2023 Based on YOY change between F22 & F23	USD	+100%	1.16
	USD	-100%	(1.16)
	EUR	+100%	(0.15)
	EUR	-100%	0.15
	SGD	+100%	0.03
	SGD	-100%	(0.03)
	AED	+100%	-
	AED	-100%	-
	AUD	+100%	0.01
	AUD	-100%	(0.01)



DIFFUSION ENGINEERS LTD

Notes forming part of the Ind AS financial statements (continued)

Notes to the standalone financial statements for the Period ended March 31, 2024

b) Interest Rate Risk :

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

Floating Interest rate exposure :	Year ended 31 March 2024	Year ended 31 March 2023
Secured Loans :		
Loans repayable taken from Banks:	337.08	446.38
Total	337.08	446.38

Interest Rate Sensitivity :

The sensitivity analyses below have been determined based on exposure to interest rate. For variable rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. With all other variables held constant, the Company's profit before tax is affected through the impact on variable rate borrowings, as follows:

Particulars	Increase / Decrease in Basis Points	Effect on Profit Before Tax(Loss)
Year ended 31 March 2024	+100	(3.37)
	-100	3.37
Year ended 31 March 2023	+100	(4.46)
	-100	4.46



DIFFUSION ENGINEERS LTD
Notes forming part of the Ind AS financial statements (continued)
(All amounts in rupees Million, unless otherwise stated)

Note 41

Segment reporting

The Company has not presented standalone segment information as permitted by Ind AS 108 – Operating Segments, as segment information of the Group is included in consolidated financial statements.

Note 42

Ratio Analysis

Sr No.	Ratio Analysis	Numerator	Denominator	31-Mar-24	31-Mar-23	% Variance	Reason for variance
1	Current Ratio	Current Assets	Current Liabilities	1.78	1.64	8.62%	
2	Debt Equity Ratio	Total borrowings	Shareholder's Equity	0.19	0.35	-45.73%	Variance is due to repayment of debt and issue of fresh equity
3	Debt Service Coverage Ratio	Earnings available for debt service	Debt Service	26.95	8.92	202.06%	Variance is due to repayment of debt and increase in profit
4	Return on Equity Ratio	Profit After Tax	Avg. Shareholders Equity	14.85%	13.06%	13.78%	
5	Inventory Turnover Ratio	Net Sales	Average Inventory	5.43	5.50	-1.18%	
6	Trade Receivables Turnover Ratio	Net Credit Sales	Average Trade Receivables	3.73	4.04	-7.57%	
7	Trade Payables Turnover Ratio	Total Purchases	Average Trade Payables	5.40	6.03	-10.42%	
8	Net Capital Turnover Ratio	Net Sales	Average Working Capital	4.62	5.35	-13.59%	
9	Net Profit Ratio	Profit After Tax	Net Sales	9%	7%	32.06%	Variance is due to decrease in overall direct and indirect expenditure and increase in operating margin
10	Return on Capital employed	EBIT	Capital Employed	15.73%	13.44%	17.03%	Variance is due to issue of fresh equity and increase in operating margins
11	Return on Investment	Profit After Tax	Shareholder's Equity	13.12%	12.31%	6.62%	

Explanation :

Total Debt represents Current Borrowings + Non Current Borrowings.

Shareholders Equity represents Equity Share Capital + Other equity

Earnings available for debt service represents Profit Before Tax + Depreciation and Amortizations + Interest on Debt

Debt Service represents Interest on Debt + Scheduled Principal Repayment of Non Current Borrowings

Net Sales represents Domestic Sales + Export Sales + Scrap Sales

Capital Employed represents Total Equity + Borrowings



DIFFUSION ENGINEERS LTD
Notes forming part of the Ind AS financial statements (continued)
(All amounts in rupees Million, unless otherwise stated)

Note-43

Proposed Dividend

Board of Directors proposes 2.5% Final Dividend on Equity shares subject to approval in AGM.

Note-44

Other Amendments with respect to Schedule III

The Company does not have any Benami property, where any proceedings have been initiated or pending against the company for holding any Benami property.

The company is not declared as wilful defaulter by any bank or financial Institution or other lender

The Company does not have any transactions with Companies struck off.

The Company has not traded or invested in Crypto currency or Virtual currency during the financial year.

The company has filed certain Adjudication/Regularization Applications before the Registrar of Companies, Mumbai.

The Company has not advanced or loaned or invested funds to any other person / entities, including foreign entities (intermediaries) with the understanding that the intermediary shall:

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (ultimate beneficiaries) or
- (ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

The company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (ultimate beneficiaries) or
- (ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

Diffusion Eurasia Mühendislik Sanayi Ve Ticaret Anonim Sirketi (DEMSTAS) is a company incorporated in Turkey as a Company on February 16, 2024 registered with the IZMIR Trade Registry Office under Trade Registry number 253826. The registered office of DEMSTAS is situated at Adalet Mah. Anadolu Cad. Megapol Tower No: 411 Kapi No: 101 Bayrakli/Izmir. Holding was agreed as follows :

Diffusion Engineers Limited - 70%

Gurkhan Gokhan - 30%

Total Share capital proposed was 2,50,000 Turkish Lira and 25% of the same 62,500 turkish Lira was paid by Gokhan Gurcan. Contribution of Diffusion Engineers Limited was to be done within 24 months from the date of registration.

As on 31st March the company had not invested any amount in the said company. On 21st May 2024, company transferred 1,75,000 Turkish Lira in the company as their 70% capital contribution.

Note-45

Previous year's figures have been regrouped / rearranged wherever necessary, to conform to the current year's classification / disclosure.

As per our report of even date
For PGS & Associates
Chartered Accountants
F.R.N. : 0122384W

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



PREMAL H GANDHI
Partner
Membership Number: 111592
Place : Nagpur
UDIN
Date :31/07/2024

PRASHANT N. GARG
Chairman & Managing Director
DIN :- 00049106
Place : Nagpur
Date :31/07/2024

AJAY JAIN
Director
DIN :- 02815416
Place : Nagpur
Date :31/07/2024



ABHISHEK MEHTA
Chief Financial Office
Place : Nagpur
Date :31/07/2024



CHANCHAL JAISWAL
Company Secretary
Place : Nagpur
Date :31/07/2024

Form AOC – 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs. Lacs)

A. Diffusion Super Conditioning Services Private Limited

(Figures in Rs Lacs)

Sl. No.	Particulars	Details
1.	Sl. No.	CIN – U51503MH1990PTC124545
2.	Name of the subsidiary	Diffusion Super Conditioning Services Private Limited
3.	The date since when subsidiary was acquired	10-01-1990
4.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	-
5.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	-
6.	Share capital	3.80
7.	Reserves & surplus	101.41
8.	Total assets	339.93
9.	Total Liabilities	234.72
10.	Investments	39.19 (Non – current Investment)
11.	Turnover	968.96
12.	Profit before taxation	29.03
13.	Provision for taxation	4.40
14.	Profit after taxation	24.63
15.	Proposed Dividend	-
16.	Extent of shareholding (In percentage)	98.95%

B. Diffusion Herson Adhesive And Sealant Private Limited

(Figures in Rs Lacs)

Sl. No.	Particulars	Details
1	Sl. No.	CIN – U24297MH2012PTC234063
2	Name of the subsidiary	Diffusion Herson Adhesive And Sealant Private Limited
3	The date since when subsidiary was acquired	02-08-2012
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	-
5	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	-
6	Share capital	10.00
7	Reserves & surplus	12.24
8	Total assets	30.90
9	Total Liabilities	8.66
10	Investments	-
11	Turnover	15.35
12	Profit before taxation	0.65
13	Provision for taxation	0.18
14	Profit after taxation	0.47
15	Proposed Dividend	-
16	Extent of shareholding (In percentage)	95.00%

C. Nowelco Industries Private Limited

(Figures in Rs Lacs)

Sl. No.	Particulars	Details
1	Sl. No.	CIN - U29309CT1999PTC013276
2	Name of the subsidiary	Nowelco Industries Private Limited
3	The date since when subsidiary was acquired	12/03/2004
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	-
5	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	-
6	Share capital	124.56
7	Reserves & surplus	(38.80)
8	Total assets	359.26
9	Total Liabilities	273.50
10	Investments	-
11	Turnover	2074.41
12	Profit before taxation	42.43
13	Provision for taxation	(0.47)
14	Profit after taxation	42.89
15	Proposed Dividend	-
16	Extent of shareholding (In percentage)	66.95%

D. Diffusion Engineers Singapore Pte Ltd.

(Figures in Rs Lacs)

Sl. No.	Particulars	Details
17.	Sl. No.	UIN-BYWAZ20140111
18.	Name of the subsidiary	Diffusion Engineers Singapore Pte. Ltd.
19.	The date since when subsidiary was acquired	26/11/2013
20.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	-
21.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	USD 1 USD=INR 83.35
22.	Share capital	208.38
23.	Reserves & surplus	35.78
24.	Total assets	465.13
25.	Total Liabilities	245.40
26.	Investments	210.75
27.	Turnover	361.46
28.	Profit before taxation	(50.34)
29.	Provision for taxation	0
30.	Profit after taxation	(50.34)
31.	Proposed Dividend	-
32.	Extent of shareholding (In percentage)	100%

E. Diffusion Wear Solutions Philippines Inc.

(Subsidiary of Diffusion Engineers Singapore Pte.Ltd.)

(Figures in Rs Lacs)

Sl. No.	Particulars	Details
33.	Sl. No.	-
34.	Name of the subsidiary	Diffusion Wear Solutions Philippines Inc.
35.	The date since when subsidiary was acquired	07/02/2014
36.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	-
37.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	PHP 1 PHP = INR1.483
38.	Share capital	133.45
39.	Reserves & surplus	987.95
40.	Total assets	1249.40
41.	Total Liabilities	307.36
42.	Investments	Nil
43.	Turnover	2001.31
44.	Profit before taxation	796.73
45.	Provision for taxation	198.60
46.	Profit after taxation	599.13
47.	Proposed Dividend	-
48.	Extent of shareholding (In percentage)	100%

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations : Diffusion Eurasia Mühendislik Sanayi Ve Ticaret Anonim Şirketi
2. Names of subsidiaries which have been liquidated or sold during the year - NA

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(All Figures are in Rs Lacs, unless otherwise mentioned)

Name of associates/Joint Ventures	Mecdiff Sdn Bhd (Associate of Diffusion Engineers Singapore Pte Ltd.)	LSN Diffusion Ltd.
1. Latest audited Balance Sheet Date	31/12/2023	30/12/2023
2. Date on which the Associate or Joint Venture was associated or Acquired	17/12/2013	31/08/2012
3. Shares of Associate/Joint Ventures held by the company on the year end	-	-
No.	3,00,000	7,54,450
Amount of Investment in Associates/Joint Venture	29.77	674.61
Extend of Holding (In percentage)	30.00%	21.56%
4. Description of how there is significant influence		
5. Reason why the associate/joint venture is not consolidated	NA	NA
6. Net worth attributable to shareholding as per latest audited Balance Sheet	38.30	881.54
7. Profit/Loss for the year		
i. Considered in Consolidation	2.57	133.42
ii. Not Considered in Consolidation	6.00	485.41

1. Names of associates or joint ventures which are yet to commence operations.
2. Names of associates or joint ventures which have been liquidated or sold during the year.

Note: This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

For PGS & Associates.,
Chartered Accountants
Firm Regn. No. 0122384W

PH Gandhi

PREMAL H GANDHI
Partner
Mem. No. 111592
Place : Mumbai
Date : 31.07.2024



Prashant Garg

Prashant Garg
(DIN – 00049106)
(Chairman & MD)
Date: 31.07.2024

Ajay Jain

Ajay Jain
(DIN – 02815416)
(Director)
Date: 31.07.2024

Abhishek Mehta

Abhishek Mehta
Chief Financial Officer
Date: 31.07.2024

Chanchal Jaiswal

Chanchal Jaiswal
Company Secretary
Date: 31.07.2024
(Mem no. A67136)

PGS & Associates

Chartered Accountants

103, Vatsalya Building, 3rd Lane, Hindu Colony, L N Road, Dadar (East), Mumbai- 400014

• Telephone No: 86577 41103 / 87790 57086 • Email ID: info@pgsca.in

CONSOLIDATED 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, 2024, and the consolidated statement of Profit and Loss including the statement of Other Comprehensive Income and the consolidated Cash Flows Statement and the Statement of Changes in Equity 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 and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and jointly controlled entities, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended "the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the group, its associates and jointly controlled entities as at March 31, 2024, of consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity 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.

Key Audit Matters

Key Audit Matters Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS Financial Statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



PGS & Associates

Chartered Accountants

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters	How our audit addressed the key audit matter
Revenue recognition	
<p>Revenue is recognized when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. During the year ended March 31, 2024, the Company has recognized revenue amounting to Rs. 2781.45 millions. Terms of sales arrangements, including the timing of transfer of control, delivery specifications including incoterms in case of exports, timing of recognition of sales require significant judgment in determining revenues. The risk is, therefore, that revenue may not get recognized in the correct period. Therefore, there is a significant risk associated with timing of revenue recognition in accordance with terms of Ind AS 115 'Revenue from contracts with customers'. Accordingly, due to the significant risk associated with revenue recognition in accordance with terms of Ind AS 115 'Revenue from contracts with customers', it has been determined to be a key audit matter in our audit of the Consolidated financial statements.</p>	<p>Our audit procedures included the following:</p> <p>Evaluated Company's revenue recognition policy and its compliance in terms of Ind AS 115 'Revenue from contracts with customers'.</p> <ul style="list-style-type: none"> • Assessed the design and tested the operating effectiveness of internal controls related to revenue recognition. • Evaluated the general information and technology control environment and tested the operating effectiveness of key IT application controls over recognition of revenue. • Tested samples of individual sales transaction and traced to sales invoices, sales orders, (received from customers) and other related documents. Further, in respect of the samples tested, reviewed recognition of revenue when the conditions for revenue recognitions are met. • Selected sample of sales transactions made pre- and post-year-end, traced the period of revenue recognition to underlying documents. • Performed procedures to identify any unusual trends of revenue recognition. • Assessed the relevant disclosures made within the consolidated financial statements.



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Information other than the Financial Statements and Auditor's Report thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.



PGS & Associates

Chartered Accountants

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

We did not audit the financial statements of four subsidiaries, whose financial statements reflect total assets of Rs. 245.1 million as at 31st March 2024, total revenues of Rs.542.144 million and net cash flows amounting to Rs.63.18 million 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 profit of Rs. 13.60 million for the year ended 30th December, 2023, 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 the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary companies, associate companies and joint ventures, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure A" a statement on the matters specified in paragraph 3(xxi) of the Order.
2. 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.



PGS & Associates

Chartered Accountants

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, 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, 2024 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, 2024 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 the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the auditor's reports of subsidiary companies incorporated in India, the remuneration paid by the Parent and such subsidiary companies during the year is in accordance with the provisions of section 197 of the Act.
- (g) With respect to the adequacy of the internal financial controls with reference to Consolidated Financial Statements of the Holding Company and its subsidiary companies, associates companies and jointly controlled entities, and the operating effectiveness of such controls, refer to our separate report in "Annexure B" to this report;
- (h) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries incorporated in India, the managerial remuneration for the year ended March 31, 2024 has been paid / provided by the Holding Company and its subsidiaries incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act
- (i) 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.
 - 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.
 - iv. a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing



PGS & Associates

Chartered Accountants

or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

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

c) Based on the audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub clause (a) & (b) contain any material misstatement.

- v. The final dividend paid by the Company during the year in respect of that declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. The interim dividend declared and paid by the Company during the year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. As stated in Note No 43 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend;
- vi. Based on our examination which included test checks and based on the other auditor's reports of its subsidiary companies, associate companies and joint venture companies incorporated in India whose financial statements have been audited under the Act, the Parent Company, its subsidiary companies, associate companies and joint venture companies incorporated in India have used accounting software(s) for maintaining their respective books of account for the financial year ended March 31, 2024, which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software(s).

Further, during the course of audit, we and respective other auditors, whose reports have been furnished to us by the Management of the Parent Company, have not come across any instance of audit trail feature being tampered with.



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As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024

For P G S & ASSOCIATES

Chartered Accountants

Firm Registration No.: 122384W

PHGandhi



Premal H Gandhi

Partner

Membership No: 111592

Place: Nagpur

Date: 31st July 2024

UDIN: 24111592BKBIPA6275

PGS & Associates

Chartered Accountants

Annexure A

To the independent Auditors' Report of even date on the Consolidated Financial Statements of Diffusion Engineers Limited

(Referred to in paragraph 1, under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date)

In terms of the information and explanation sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(xxi) There are no qualifications or adverse remarks by the respective auditors in the Companies (Auditors report) Order (CARO) report of the companies included in the consolidated financial statements.



PGS & Associates

Chartered Accountants

ANNEXURE B TO THE CONSOLIDATED 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, 2024 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, 2024, 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



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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 G S & ASSOCIATES

Chartered Accountants

Firm Registration No.: 122384W

Premal H Gandhi



Premal H Gandhi

Partner

Membership No: 111592

Place: Nagpur

Date: 31st July 2024


UDIN: 24111592BKBIPA6275

DIFFUSION ENGINEERS LTD
Consolidated Statement of Asset and Liabilities as at March 31, 2024

(All amounts in rupees Million, unless otherwise stated)

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	905.71	632.76
(b) Capital work-in-progress	3 (a)	11.05	18.27
(c) Intangible assets	4	4.25	2.55
(d) Financial assets			
(i) Investments	5	291.95	195.03
(ii) Other financial assets	6	62.09	64.02
Total non-current assets		1,275.05	912.64
(2) Current Assets			
(a) Inventories	7	532.12	517.08
(b) Financial Assets			
(i) Trade receivables	8	666.47	701.35
(ii) Cash and cash equivalents	9	78.13	45.29
(iii) Other bank balances	10	-	0.03
(iv) Loans and advances	11	155.45	50.06
(v) Others financial assets	12	11.58	33.25
(c) Other current assets	13	37.05	43.75
Total current assets		1,480.80	1,390.80
Total Assets		2,755.85	2,303.44
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14	280.21	37.37
(b) Other equity	15	1,626.84	1,382.60
Equity attributable to equity holders of the Parent		1,907.05	1,419.97
(c) Non-controlling interests	15	3.14	1.69
Total equity		1,910.19	1,421.67
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	-	16.69
(ii) Other financial liabilities	17	9.99	8.37
(b) Provisions			
(c) Deferred tax liabilities (net)	18	52.43	37.58
Total non-current liabilities		62.43	62.63
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	344.35	464.23
(ii) Trade payables	20		
Total outstanding dues of micro, small and medium enterprises		111.59	31.26
Total outstanding dues of creditors other than micro enterprises, small and medium enterprises		197.56	216.12
(iii) Other financial liabilities	21	22.23	7.82
(b) Provisions	22	9.27	5.74
(c) Other current liabilities	23	98.24	93.97
Total current liabilities		783.24	819.15
Total Equity and liabilities		2,755.85	2,303.44
The accompanying notes form an integral part of the consolidated financial statements		1-46	

As per our report of even date
For PGS & Associates
Chartered Accountants
F.R.N. : 0122384W



PREMAL H GANDHI
Partner
Membership Number: 111592
Place : Nagpur
UDIN -
Date : 31/07/2024

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




PRASHANT N. GARG
Chairman & Managing Director
DIN :- 00049106
Place : Nagpur
Date : 31/07/2024





AJAY JAIN
Director
DIN :- 02815416
Place : Nagpur
Date : 31/07/2024



ABHISHEK MEHTA
Chief Financial Officer
Place : Nagpur
Date : 31/07/2024



CHANCHAL JAISWAL
Company Secretary
Place : Nagpur
Date : 31/07/2024

DIFFUSION ENGINEERS LTD
Consolidated Statement of Profit & Loss for the period ended March 31, 2024

(All amounts in rupees Million, unless otherwise stated)

Particulars	Note No	Year ended 31 March 2024	Year ended 31 March 2023
Revenue			
I Revenue from operations	24	2,781.45	2,548.76
II Other income	25	74.17	37.95
III Total revenue (I+II)		2,855.62	2,586.72
IV Expenses			
Cost of materials consumed	26	1,292.27	1,376.33
Purchases of stock-in-trade	27	185.55	128.09
Changes in inventories of finished goods and work-in-progress	28	(9.50)	(28.26)
Manufacturing expenses	29	388.18	328.62
Employee benefit expenses	30	360.56	307.60
Finance costs	31	17.55	22.95
Depreciation and amortization expenses	3 & 4	45.49	38.42
Other expenses	32	175.70	157.61
Total expenses (IV)		2,455.81	2,331.36
V Profit/(loss) before Exceptional Items and Tax (III-IV)		399.80	255.36
VI Exceptional Items	33	2.57	
VII Profit before Tax and share of profit / (loss) of associates and joint ventures accounted for using the equity method (V-VI)		397.24	255.36
VIII Share of profit / (loss) of associates and joint ventures		13.60	31.24
IX Profit before tax (VII+VIII)		410.84	286.60
X Tax expenses			
- Current tax		87.86	59.34
(Excess)/short provision of tax relating of previous years		-	1.83
- Deferred tax		14.94	3.98
Total tax expenses		102.80	65.15
XI Net profit for the year (IX-X)		308.04	221.45
XII Other comprehensive income			
<i>(i) Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurements of the defined benefit plans		-1.99	0.20
Income tax effect on above		0.45	(0.05)
<i>(ii) Items that will be reclassified to profit or loss in subsequent periods</i>			
Foreign currency translation of foreign operations		-2.13	2.92
Other comprehensive income for the year, net of tax		(3.67)	3.07
XIII Total comprehensive income / (loss) for the period (XI+XII)		304.37	224.52
Profit attributable to:			
Owners of the Parent		306.59	221.64
Non-Controlling Interest		1.45	(0.18)
Other Comprehensive Income attributable to:			
Owners of the Parent		(3.63)	3.03
Non-Controlling Interest		(0.04)	0.03
Total Comprehensive Income attributable to:			
Owners of the Parent		302.97	224.67
Non-Controlling Interest		1.41	(0.15)
Earnings per equity share			
Earnings per equity share [nominal value of share Rs. 10/-]			
Basic		10.94	7.91
Diluted		10.94	7.91

Significant accounting policies and notes to the Ind AS financial statements
The explanatory notes referred to above form an integral part of the Ind AS financial statements

As per our report of even date
For PGS & Associates
Chartered Accountants
F.R.N. : 0122384W

PREMAL H GANDHI
Partner
Membership Number: 111592
Place : Nagpur
UDIN -
Date : 31/07/2024



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

PRASHANT N. GARG
Chairman & Managing Director
DIN :- 00049106
Place : Nagpur
Date : 31/07/2024

ABHISHEK MEHTA
Chief Financial Officer
Place : Nagpur
Date : 31/07/2024



AJAY JAIN
Director
DIN :- 02815416
Place : Nagpur
Date : 31/07/2024

CHANCHAL JAISWAL
Company Secretary
Place : Nagpur
Date : 31/07/2024

DIFFUSION ENGINEERS LTD
Consolidated Cash Flow Statement for the year ended March 31, 2024
(All amounts in rupees Million, unless otherwise stated)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
A Cash flows from operating activities		
Profit /(loss) before tax	410.84	286.60
Adjustments:		
Depreciation and amortisation	45.49	38.42
Bad Debts & Write Off	9.56	3.88
Gain / (loss) on remeasurements of the defined employee benefit plans	(1.54)	0.15
Net (gain)/loss on financial instruments at fair value through profit or loss	(29.43)	10.33
Liabilities written-back	-	-
Interest and Finance Charges	17.55	22.95
Interest Income	(4.27)	(2.46)
Share of profit / (loss) of associates and joint ventures	13.60	31.24
Unrealised exchange (gain)/loss	(2.13)	2.92
Exceptional Item	2.57	
Operating cash flows before working capital changes and other assets	462.25	394.01
(Increase) / decrease in inventories	(15.04)	(73.38)
Decrease/ (increase) in Trade and Other Receivables	(60.62)	(253.12)
(Decrease) / increase in other current assets	6.70	(18.35)
(Decrease) / increase in Trade and Other Payables	77.83	(60.18)
(Decrease) / increase in other current liabilities	19.12	17.94
(Decrease) / increase in other current provisions	3.53	3.01
Cash generated from operations	493.78	9.89
Income taxes refund / (paid), net	(102.80)	(57.26)
Net Cash Flow From/(Used In) Operating Activities (A)	390.98	(47.37)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(319.78)	(72.54)
Purchase of intangible assets	(1.70)	(1.25)
Purchase of CWIP	7.22	(18.27)
Disposal of assets	1.33	2.86
Non Current investment	(81.08)	(47.81)
Interest Income	4.27	2.46
(Increase)/Decrease in bank balances not considered as cash and cash equivalent (net)	4.13	0.81
Net Cash Flow From/(Used In) Investing Activities (B)	(385.61)	(133.73)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	(16.70)	(11.31)
Proceeds from short-term borrowings(Net)	(119.88)	246.28
Finance Cost paid	(17.55)	(22.95)
Dividend Paid	(18.22)	(16.24)
Proceeds from Issue	202.37	
Issue Expenses	(2.57)	
Net Cash Flow From/(Used In) Financing Activities (C)	27.47	195.78
Net increase / decrease in cash and cash equivalents	32.84	14.67
Cash and cash equivalents at the beginning of the period	45.29	30.61
Cash & Cash Equivalents at the End of the Period(A+B+C) (refer Note 9)	78.13	45.29

As per our report of even date
For PGS & Associates
Chartered Accountants
F.R.N. : 0122384W

PREMAL H GANDHI
Partner
Membership Number: 111592
Place : Nagpur
UDIN -
Date : 31/07/2024



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

PRASHANT N. GARG
Chairman & Managing Director
DIN :- 00049106
Place : Nagpur
Date : 31/07/2024

AJAY JAIN
Director
DIN :- 02815416
Place : Nagpur
Date : 31/07/2024

ABHISHEK MEHTA
Chief Financial Officer
Place : Nagpur
Date : 31/07/2024

CHANCHAL JAISWAL
Company Secretary
Place : Nagpur
Date : 31/07/2024



DIFFUSION ENGINEERS LTD

15. Consolidated Statement of Change in Equity for the period ended 31st March, 2024

A EQUITY SHARE CAPITAL

	No. of Shares	Amount (Rs. in lacs)
Balance as at March 31, 2023	37,37,467	37.37
Add: Issue during the year	2,42,83,792	242.84
Balance as at March 31, 2024	2,80,21,259	280.21

B OTHER EQUITY

(All amounts in rupees Million, unless otherwise stated)

Particulars	Retained Earnings	Securities Premium	Capital Redemption Reserve	Capital Reserve	Capital Investment Subsidy	General Reserve	Currency translation reserve	Total attributable to the owners of the Company	Non Controlling interests (NCI)	Total
Balance as at 31 March 2022	1,001.32	29.36	4.72	15.92	0.08	122.05	(4.35)	1,169.11	1.88	1,170.98
Profit for the year	221.64							221.64	(0.18)	221.46
Translation Reserve Movement							2.92	2.92		2.92
Remeasurement of net defined benefit plan	0.15							0.15		0.15
Less: interim dividend	(3.74)							(3.74)		(3.74)
Less: final dividend	(7.47)							(7.47)		(7.47)
Balance as at 31 March 2023	1,211.89	29.36	4.72	15.92	0.08	122.05	(1.43)	1,382.60	1.69	1,384.29
Profit for the year	306.59							306.59	1.45	308.04
Translation Reserve Movement							-2.13	(2.13)		-2.13
Net change in fair value of Equity investments								-		-
Remeasurement of net defined benefit plan	-1.54							(1.54)		-1.54
Less: interim dividend	(7.01)							(7.01)		(7.01)
Less: final dividend	(11.21)							(11.21)		(11.21)
Issue of share		199.71						199.71		199.71
Utilised against bonus share	(6.39)	-229.07	-4.72					(240.18)		(240.18)
Balance as at 31 March 2024	1,492.34	-	0.00	15.92	0.08	122.05	-3.56	1,626.84	3.14	1,629.98

Description of Reserves

Retained earnings

Retained earnings represents surplus/accumulated earnings of the Group and are available for distribution to shareholders.

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Con

Capital Redemption Reserve

In FY 2001-02 Group completed the Buy-Back of 4,72,150 equity shares of Rs. 10/- each at a Premium of Rs. 25.62 per share. The total consideration paid was Rs. 1,68,17,981/- out of which the Premium of Rs. 1,20,96,481/- was paid by utilising the share premium account. The company has also transferred Rs. 47,21,500/- to the capital redemption reserve account from General Reserve as a consequent to the Buy-Back of shares.

Capital Reserve

The Group started creating the capital reserve for receipt of state subsidy from the year 1992-93.

General reserves

General Reserve represents appropriation of retained earnings and are available for distribution to shareholders.

As per our report of even date

For PGS & Associates

Chartered Accountants

F.R.N. : 0122384W



PREMAL H GANDHI

Partner

Membership Number: 111592

Place : Nagpur

UDIN -

Date : 31/07/2024

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



Ajay Jain

PRASHANT N. GARG

Chairman & Managing Director

DIN :- 00049106

Place : Nagpur

Date : 31/07/2024

AJAY JAIN

Director

DIN :- 02815416

Place : Nagpur

Date : 31/07/2024

Abhishek Mehta

ABHISHEK MEHTA

Chief Financial Officer

Place : Nagpur

Date : 31/07/2024

Chanchal Jaiswal

CHANCHAL JAISWAL

Company Secretary

Place : Nagpur

Date : 31/07/2024

DIFFUSION ENGINEERS LTD
Notes forming part of the Ind AS financial statements (continued)
(All amounts in rupees Million, unless otherwise stated)

Note 3 and 3a
Property, plant and equipment

Particulars	Land Freehold	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Computers	Total	Capital work in progress (CWIP)	Total
As at 31 March 2022	86.73	249.86	332.22	9.01	22.13	7.26	3.81	711.02	-	-
Additions	-	5.84	31.95	4.22	13.65	15.12	1.76	72.54	18.27	18.27
Sales/Disposals/Adjustments	-	-	2.84	-	-	-	0.02	2.86	-	-
As at 31 March 2023	86.73	255.70	361.33	13.22	35.78	22.39	5.55	780.70	18.27	18.27
Additions	229.41	7.99	71.21	2.63	4.64	0.94	2.04	318.88	11.66	11.66
Sales/Disposals/Adjustments	-	-	0.57	-	0.35	-	0.41	1.33	18.88	18.88
As at 31 March 2024	316.14	263.70	431.97	15.85	40.07	23.33	7.18	1,098.24	11.05	11.05
Accumulated depreciation										
As at 31 March 2022	-	22.64	70.12	3.28	8.19	3.72	1.98	109.94	-	-
Depreciation for the year	-	8.37	21.20	1.05	2.45	4.16	0.77	38.00	-	-
Sales/Disposals/Adjustments	-	-	-	-	-	-	-	-	-	-
As at 31 March 2023	-	31.01	91.32	4.33	10.64	7.88	2.75	147.94	-	-
Depreciation for the year	-	8.30	29.32	1.38	3.98	0.73	1.21	44.91	-	-
Sales/Disposals/Adjustments	-	-	-	-	-	-	0.32	0.32	-	-
As at 31 March 2024	-	39.31	120.64	5.71	14.62	8.61	3.64	192.53	-	-
Net block										
As at 31 March 2023	86.73	224.69	270.01	8.89	25.13	14.51	2.80	632.76	18.27	18.27
As at 31 March 2024	316.14	224.39	311.33	10.15	25.45	14.72	3.54	905.71	11.05	11.05

Note 3a
Capital work-in-Progress

Particulars	As at March 31, 2024	As at March 31, 2023
Carrying amount at end of year	11.05	18.27

Ageing of Capital work-in-progress

Particulars	As at March 31, 2024	As at March 31, 2023
Less than 1 year	11.05	18.27
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
Total	11.05	18.27



DIFFUSION ENGINEERS LTD
Notes forming part of the Ind AS financial statements (continued)
(All amounts in Rupees, unless otherwise stated)

Note 4

Intangible assets	Technical	Software	Total
	Know-how		
As at 31 March 2022	0.13	3.06	3.20
Additions during the period	-	1.25	1.25
Disposals / Adjustments during the year	-	-	-
As at 31 March 2023	0.13	4.31	4.44
Additions during the period	-	2.28	2.28
Disposals / Adjustments during the year	-	-	-
As at 31 March 2024	0.13	6.59	6.72
Accumulated amortisation:			
As at 31 March 2022	-	1.48	1.48
Charge for the year	-	0.41	0.41
Disposals / Adjustments during the year	-	-	-
As at 31 March 2023	-	1.89	1.89
Charge for the year	-	0.58	0.58
Disposals / Adjustments during the year	-	-	-
As at 31 March 2024	-	0.58	2.47
Carrying amount (net)			
As at 31 March 2023	0.13	2.42	2.55
As at 31 March 2024	0.13	6.01	4.25



**Annexure-5a Investments -Non-current investments
(All amounts in rupees Million, unless otherwise stated)**

Name of Script	As at March 31, 2024				As at March 31, 2023			
	Qty	Cost	MV	Gain/(loss)	Qty	Cost	MV	Gain/(loss)
Syndicate Bank	1,700	0.02	0.51	0.50	1,700	0.02	0.04	0.02
National Stock Exchange of India Ltd	3,000	11.70	11.91	0.21				
Total	4,700	12	12.42	1	1,700	0.02	0.04	0.02

Name of Mutual Fund Scheme	As at March 31, 2024				As at March 31, 2023			
	Qty	Cost	MV	Gain/(loss)	Qty	Cost	MV	Gain/(loss)
Hdfc Balanced Advantage-G								
Prudential Icici Discovery Fund	35,706	4.67	14.08	9.41	6,975.01	1.30	2.25	0.95
Prudential Icici Infrastructure Fund	33,487	1.39	5.53	4.14	35,706.32	4.67	9.77	5.10
Icici Pru -Dynamic Plan					33,487.36	1.39	3.38	1.99
Franklin India Short Term Income Plan	13.00	0.07	1.80	1.73	12,270.80	3.11	5.88	2.77
L & T Infrastructure Fund (changed name to HSBC)					476.41	2.34	2.81	0.48
Parag Parikh Long Term Equity Fund-Regular Plan- C	3,12,721.00	19.35	23.41	4.06	24,821.33	0.60	0.64	0.04
Kotak Emerging Equity Fund Growth	33,572.00	2.58	3.44	0.86	3,14,767.00	13.30	15.58	2.28
Axis Focused 25-G Fund					1,27,811.00	9.00	9.49	0.49
Invesco India Contra-G Fund	30,534.00	2.40	3.32	0.92	61,905.00	2.75	2.26	-0.49
Hdfc Index Fund Nifty 50 Plan Regular Plan Growth	15,561.00	2.30	3.25	0.95	87,621.00	6.60	6.68	0.08
Kotak Equity opportunities Reg-G					15,561.00	2.30	2.51	0.21
Shi Focused Equity Fund	14,818.00	3.46	4.34	0.88	28,846.00	5.78	5.86	0.08
Akara Capital Advisors P L Outward A/C					13,932.00	3.15	3.03	-0.12
Mas Financial Services Limited Mid 29-01-2024					15.00	15.00	15.01	0.01
Edelweiss Infrastructure Yield Plus II	350.00	3.50	3.50	-	10.00	10.29	10.49	0.21
Aventus Structured Credit Fund II	1.00	4.71	4.71	-	0.50	0.50	0.50	-
Hdfc Liquid Fund	1,108.00	4.63	5.21	0.58	1.00	3.57	3.57	-
Mirae Asset India Equity Fund- (G)[Aventus Wealth]	31,189.00	2.50	3.01	0.51	1,108.00	4.63	4.86	0.23
Icici Prudential Long Short Fund - Series I	140.00	0.06	0.07	0.01	1,44,012.00	10.15	11.04	0.89
Hdfc Small Cap Fund- (G) [Aventus Wealth]								
Icici Prudential Savings Fund- Regular- Growth					34,957.00	2.60	2.78	0.18
Kotak Equity Opportunities Direct-G	56,967.00	15.60	18.47	2.87	140.00	0.06	0.07	0.00
Parag Parikh Flexi Cap Reg-G	2,06,251.00	10.20	14.30	4.10				
Quant Flexi Cap Direct-G	36,825.00	2.50	3.76	1.26				
Nexus Select Trust REIT	49,363.00	5.05	6.31	1.26				
Kotak Liquid Direct-G	4.00	0.02	0.02	-				
Parag Parikh Liquid Direct-G	6.00	0.01	0.01	-				
Quant Overnight Direct-G	833.00	0.01	0.01	-				
HDFC Index Nifty 50 Direct	26,874.00	5.00	5.73	0.73				
JM FLEXICAP FUND DIR- GROWTH	2,51,000.00	19.50	23.80	4.30				
Quant Quantamental Direct-G	6,94,142.00	12.50	16.07	3.57				
SBI CONTRA FUND DIR GROWTH	42,663.00	13.10	15.42	2.32				
Franklin Templeton family	1	0.00	0.06	0.06				
SBI LIQUID G	630	2.10	2.36	0.26				
Nivama Wealth Finance Limited	100	10.00	9.57	-0.43				
Total	18,74,859.46	147.22	191.55	44.34	9,44,473.22	103.09	118.48	15.39



DIFFUSION ENGINEERS LTD
Notes forming part of the Ind AS financial statements
(All amounts in rupees Million, unless otherwise stated)

Note 5

Investments (Non-current assets)

Particulars	As at March 31, 2024	As at March 31, 2023
Equity instruments		
(i) 'Investment carried at cost (Unquoted)		
(a) '- in Associates		
Investment in Mecdiff	3.83	3.57
(b) '- in Joint venture		
LSN Diffusion Ltd (Fully Paid Equity Shares) - 7,54,450 (March 31, 2022 - 7,54,450 shares, April 01, 2021 - 7,54,450 shares)	84.14	70.79
	<u>87.97</u>	<u>74.37</u>
(ii) 'Investment carried at fair value through Profit and loss		
Quoted		
(a) Investment in Equity		
'- Canara bank limited 268 (Previous Year 268) Equity shares of Canara Bank (Earlier Syndicate)	0.51	0.04
(b) Investment in mutual funds		
'- Mutual funds	203.45	120.61
	<u>203.97</u>	<u>120.65</u>
Other Investment		
National Saving Certificate	0.01	0.01
	<u>0.01</u>	<u>0.01</u>
Total (i+ii)	<u>291.95</u>	<u>195.03</u>
Annexure-5a		
(a) Investments in quoted instruments:		
Aggregate carrying value	158.93	105.55
Aggregate market value	203.98	121.02

Note 6

Other non-current financial assets

Particulars	As at March 31, 2024	As at March 31, 2023
Security deposit*	14.56	12.36
Fixed deposit with Bank	47.53	51.67
Total	<u>62.09</u>	<u>64.02</u>

* Security deposit has been shown on transaction cost where terms not ascertainable.

Note 7

Inventories

(Valued at cost, unless otherwise stated)

Particulars	As at March 31, 2024	As at March 31, 2023
(At lower of cost and net realisable value)		
Stock in trade		
Raw Materials	262.91	244.81
Work in Progress	111.89	140.49
Finished goods & Traded Goods	139.98	107.07
	<u>514.78</u>	<u>492.37</u>
Stock - In - Transit		
Raw Materials	15.15	9.66
Consumables, Stores and Spare parts	0.89	0.18
Traded Goods	1.30	14.88
	<u>17.34</u>	<u>24.71</u>
Total	<u>532.12</u>	<u>517.08</u>

Note 8

Trade Receivables

(Unsecured / secured, considered good unless otherwise stated)

Particulars	As at March	As at March 31,
	31, 2024	2023
Secured, considered good	-	15.65
Unsecured, considered good*	669.04	688.14
Less: Allowance for expected credit loss	2.57	2.44
Total	666.47	701.35
Receivables from related parties (Refer Note 37)	7.78	1.51
Receivables from others	658.70	699.84
	666.47	701.35

* There are some cases pending before Hon'ble NCLT court against some parties amounting to Rs 4.8 million. The company will provide necessary treatment in the books as per the directions of Hon'ble NCLT Court.

Trade Receivables ageing schedule as at 31st March 2024

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables -considered good	562.01	48.27	28.87	9.39	13.22	661.75
(ii) Undisputed Trade receivables -considered doubtful	0.28					0.28
(iii) Disputed trade receivables considered good			0.00	0.01	7.00	7.02
(iv) Disputed trade receivables considered doubtful	-	-	-	-		-
Total						669.04
Expected Credit Loss						- 2.57
Net						666.47

Trade Receivables ageing schedule as at 31st March,2023

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables -considered good	626.56	42.04	14.77	5.56	7.10	696.02
(i) Undisputed Trade receivables -considered doubtful	0.11	0.00	0.00	-	1.19	1.30
(iii) Disputed trade receivables considered good	-	-	-	-	4.80	4.80
(iv) Disputed trade receivables considered doubtful	0.00	-	0.00	0.00	1.68	1.68
Total						703.80
Expected Credit Loss					2.44	2.44
Net						701.35



Note 9**Cash and bank balances**

Particulars	As at March 31, 2024	As at March 31, 2023
Cash and Cash Equivalents		
Cash on hand	2.01	0.92
Balance with scheduled banks		
in current accounts	55.41	32.23
Fixed deposit with maturity less than 3 months	20.71	12.13
Total	78.13	45.29

Note 10**Other bank balances**

Particulars	As at March 31, 2024	As at March 31, 2023
Dividend accounts	-	0.03
Total	-	0.03

Note 11**Loans and Advances**

Particulars	As at March 31, 2024	As at March 31, 2023
Loans and advances to related parties	0.08	-
Loan to employees	4.61	3.45
Advance to others	150.15	39.76
Advance Tax	.62	-
Deposit with sales tax department	-	0.69
Deposits - Rent	-	0.04
Advance To Supplier	-	5.74
Staff Advance	-	0.37
Total	155.45	50.06

Note 12**Others Financial Assets**

Particulars	As at March 31, 2024	As at March 31, 2023
Deposits recoverable	11.47	10.53
Mutual Funds Receivables	0.00	22.73
Interest receivable	0.04	
MAT credit	0.08	
Total	11.58	33.25



Note 13**Other current assets**

Particulars	As at March 31, 2024	As at March 31, 2023
Prepaid expenses	0.78	0.40
Preliminary Expenses	0.04	0.04
Balances with government authorities		
<i>GST receivable</i>	4.00	3.92
<i>Tds receivable</i>	0.46	-
Export and other incentive receivable	29.04	31.82
Advance income tax	0.35	1.53
Custom duty paid	0.10	0.03
Vat and sales tax	0.32	1.53
Defined benefit plan- gratuity fund	1.57	4.46
Deposit recoverable	0.39	-
Total	37.05	43.75

Note 16**Borrowings**

Particulars	As at March 31, 2024	As at March 31, 2023
Secured		
From HDFC Bank	-	7.34
From HDFC Bank (FCTL)	-	22.25
Less: Current maturities of long-term borrowings	-	12.91
Total	-	16.69

16.1

- a Interest rate of the above loan in range between 7.5% to 9.5%.
Interest rate of the above foreign currency loan is
- b Borrowings from banks are secured by way of :-
Secured against Mortgage of Land & Building, book debts & hypothication of Stock.
Vehicle Loans are secured by respective vehicles.
- c Amount payable during next 12 months, disclosed under the head "Current Borrowings" (Note No. 19)
- d Maturity Profile of the above loan as below :

Particulars	As at March 31, 2024	As at March 31, 2023
Within One year	-	1.29
Two to Five years	-	0.73
	-	2.03

Note 17**Other Non-current financial liabilities**

Particulars	As at March 31, 2024	As at March 31, 2023
Vehicle and laptop Scheme	4.72	2.85
Deposits from distributors	5.27	5.52
Total	9.99	8.37



DIFFUSION ENGINEERS LTD

Notes forming part of the Consolidated Financial Statements
(All amounts in rupees Million, unless otherwise stated)

14. Authorised, issued, subscribed and paid-up share capital

	As at March 31, 2024	As at March 31, 2023
Authorised share capital		
Equity share capital		
4,00,00,000 (Previous Years 50,00,000) equity shares of Rs.10 each	400.00	50.00
	<u>400.00</u>	<u>50.00</u>
Issued, subscribed and paid-up share capital		
Equity share capital		
2,80,21,259 (Previous Years 37,37,467) Equity shares of Rs 10/- each fully paid up	280.21	37.37
	<u>280.21</u>	<u>37.37</u>

Rights, preferences and restrictions attached to the equity shares

The Group has issued only one class of equity shares having a face value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The Group declares and pays dividend in Indian Rupees. The dividend proposed by board of directors is subject to the approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Group, the holder of equity shares will be entitled to receive remaining assets of the Group after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

Details of shares held by each shareholder holding more than 5%

Name of Shareholders	As at 31st March 2024		As at 31st March 2023	
	% held	Nos	% held	Nos
Equity shares with voting rights				
NK Garg (HUF)	7.44%	2085279	7.97%	2,97,897
Mr Prashant Garg	37.04%	10379551	38.97%	14,56,593
Dr Nitin Garg	24.54%	6876254	26.28%	9,82,322
Mrs Chitra Garg	21.88%	6130971	22.73%	8,49,653

Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	As at 31st March 2024	As at 31st March 2023
Equity shares		
Outstanding at the beginning of the year	3737467	37,37,467
Add: Shares issued during the year	24283792	-
Outstanding at the end of the year	<u>2,80,21,259</u>	<u>37,37,467</u>

Number of shares held by promoters:

Name of Shareholders	As at 31st March 2024		As at 31st March 2023	
	% held	Nos	% held	Nos
Mr Prashant Garg	37.04%	10379551	38.97%	14,56,593
Dr Nitin Garg	24.54%	6876254	26.28%	9,82,322
Mrs Chitra Garg	21.88%	6130971	22.73%	8,49,653
Nitin and Renuka Garg	1.88%	5,26,967	2.01%	75,281
Prashant and Neelu Garg	0.23%	65,548	0.25%	9,364



Note 18
Deferred tax liabilities (net)

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred Tax Liability:		
Timing Difference on account of Carrying amount of Property, plant and equipment and Intangible assets in the Financial Statements and the Income Tax Return	53.35	38.45
Deferred Tax Assets:		
Expense allowable for tax purpose when paid (Section 43B items)	0.92	0.87
Total	52.43	37.58

Note 19
Borrowings

Particulars	As at March 31, 2024	As at March 31, 2023
Secured		
Current maturities of long term borrowings	-	12.91
Loan From Banks	344.35	451.32
Total	344.35	464.23

Note 19.1

- a **Interest rate of the above loan in range between 7.0% to 10.25%.**
b Borrowings from banks are secured by way of :-
Secured against Mortgage of Land & Building, book debts & hypothication of Stock.



Note 20
Trade payables

Particulars	As at March	As at March 31,
	31, 2024	2023
total outstanding dues of micro and small and medium enterprises	111.59	31.26
total outstanding dues of creditors other than micro and small and medium enterprises	197.56	216.12
	309.14	247.38

Note on MSME Disclosure

Outstanding to Micro, Small and Medium Enterprise : March 24: 111.59 Millions, March 23 : Rs.31.26 Million, The identification of suppliers under "Micro, Small and Medium Enterprises Development Act, 2006" was done on the basis of the information to the extent provided by the suppliers to the Group. Total outstanding dues of Micro, Small and Medium Enterprises, which were outstanding for more than the stipulated period, are given below:

Particulars	As at March	As at March 31,
	31, 2024	2023
Principal amount due and remaining unpaid	50.08	3.13
Interest paid	-	-
Interest due	-	-
Interest accrued and due	-	-
Interest due and remaining unpaid	-	-
	50.08	3.13

Trade Payables ageing schedule: As at 31st March,2024

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	< 1 Year	1-2 years	2-3 years	> 3 years	
(I) MSME	61.51	49.01	-	-	-	110.52
(ii) Others	-	191.57	2.03	3.68	0.28	197.55
(iii) Disputed dues- MSME	-	-	0.60	0.22	0.25	1.07
(iv) Disputed dues - Others	-	-	-	-	-	-

Trade Payables ageing schedule: As at 31st March,2023

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	< 1 Year	1-2 years	2-3 years	> 3 years	
(I) MSME	-	31.26	-	-	-	31.26
(ii) Others	-	198.43	6.05	2.98	5.77	213.23
(iii) Disputed dues- MSME	-	2.89	-	-	-	2.89
(iv) Disputed dues - Others	-	-	-	-	-	-



Note 21**Other financial liabilities**

Particulars	As at March 31, 2024	As at March 31, 2023
Interim Dividend	4.89	0.03
Liabilities For Expences	16.79	7.79
Director remuneration	0.19	-
Security Deposit Received from dealer	0.37	-
Total	22.23	7.82

Note 22**Provisions**

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for Leave Encashment	3.61	1.55
Provision for Tax- Net of Advance Tax	5.67	4.19
Total	9.27	5.74

Note 23**Other current liabilities**

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory Remittances	31.42	22.75
Advance Received from customers	36.69	40.71
Mobile Scheme	0.01	0.01
Other Credit Balances	29.35	29.64
Audit Fees Payable	0.02	0.01
other	0.64	-
TDS Payable	0.11	0.85
Total	98.24	93.97



Note 24

Revenue from operation

Particulars	As at March 31, 2024	As at March 31, 2023
Sale of Products and Services		
-Manufacturing	1,863.92	1,813.81
-Trading	304.29	201.37
-Export Sales	260.77	347.22
	<u>2,428.98</u>	<u>2,362.40</u>
Job work receipt		
-Local	326.34	151.93
-Export	2.72	10.85
	<u>329.06</u>	<u>162.77</u>
Other Operating Revenues		
Insurance, Licenses & Packing on Sales	19.78	19.20
Duty Drawback	3.63	4.39
	<u>23.41</u>	<u>23.59</u>
Total	<u>2,781.45</u>	<u>2,548.76</u>

Disclosure in accordance with Ind AS - 115 "Revenue Recognition Disclosures", of the Companies (Indian Accounting Standards) Rules, 2015

Revenue disaggregation is as follows

	As at March 31, 2024	As at March 31, 2023
Disaggregation of goods		
Manufactured Products	2,124.69	2,097.30
Trading Products	304.29	201.36
Job Works	329.06	226.51
Other Unallocated- Insurance, License sale and Duty Drawback	23.41	23.59
	<u>2,781.45</u>	<u>2,548.76</u>
Disaggregation based on geography		
India	2,517.96	2,190.69
Outside India	263.49	358.07
	<u>2,781.45</u>	<u>2,548.76</u>

Geographical location is based on the location of customers excluding export incentives

Information about major customers

Customer Type	As at March 31, 2024	Year ended 31 March 2023
Customers under Government Projects	184.25	168.41
Industrial Customers	2,333.72	2,022.28
Export Customers	263.49	358.07
Total	<u>2,781.45</u>	<u>2,548.76</u>



Note 25
Other Income

Particulars	As at March 31, 2024	As at March 31, 2023
Other Income		
Interest income		
- on Deposit	4.27	2.66
- Unwinding of discount on security deposits and others	0.20	0.19
Commission	-	-
Foreign exchange gain	2.88	3.70
Profit on Sale of Assets & Investment	20.61	17.88
Net gain on financial instruments at fair value through profit or	29.43	-
Rent income	0.17	-
Liabilities written-back	-	-
Insurance claim receipt	2.68	0.39
PSI Incentive	12.79	11.30
MEIS License income	-	0.83
Write off	-	0.00
- on Deposit	-	-
Freight Charges Recovered	0.06	0.13
Dividend income	0.31	0.39
Miscellaneous income	0.77	0.48
Total	74.17	37.95

Note 26
Cost of materials consumed

Particulars	As at March 31, 2024	As at March 31, 2023
As at beginning of the period	254.46	208.66
Add: Purchases	1,298.97	1,422.14
Less : As at end of the period	261.16	254.46
Total	1,292.27	1,376.33

Note 27
Purchases of stock-in-trade

Particulars	As at March 31, 2024	As at March 31, 2023
Purchases of stock-in-trade	185.55	128.09
Total	185.55	128.09



Note 28**Changes in inventories of finished goods and work-in-progress**

Particulars	As at March 31, 2024	As at March 31, 2023
Inventories at the beginning of the year:		
Stock-in-trade	55.57	43.79
Finished goods	54.33	45.73
Work-in-progress	140.49	132.62
	250.40	222.14
Inventories at the end of the year:		
Stock-in-trade	87.18	55.57
Finished goods	60.82	54.33
Work-in-progress	111.89	140.49
	259.89	250.40
Total	(9.50)	(28.26)

Note 29**Manufacturing expenses**

Particulars	As at March 31, 2024	As at March 31, 2023
Consumable, stores and spare parts material Consumed		
Inventories at the beginning of the year:	12.22	12.91
Add:- Purchases for the year	69.55	55.15
Inventories at the end of the year:	11.07	12.22
	70.70	55.84
Custom duties expenses	15.91	17.35
Job work charges	157.27	140.34
Labour charges	43.45	28.44
Carriage inward and clearing charges	27.33	23.34
Power and fuel	61.07	52.03
Lease rental	7.93	7.93
Freight On Raw Material	-	2.51
Lab expenses	-	0.52
Wages	2.72	-
Import Expenses	1.47	-
Water charges	0.34	0.32
	317.48	272.79
Total	388.18	328.62

Note 30**Employee benefits expenses**

Particulars	As at March 31, 2024	As at March 31, 2023
Salaries, wages and bonus	329.87	272.43
Post employment benefits		
-Contribution to provident and other funds	16.00	13.83
-Gratuity and other defined benefit plans	3.35	0.50
- Labour welfare fund	0.00	0.00
Staff welfare expenses	3.21	6.36
Sales Commission to employees	6.08	7.13
Directors' Commission	2.05	7.35
	360.56	307.60



Note 31
Finance cost

Particulars	As at March 31, 2024	As at March 31, 2023
-Interest expense on:		
Borrowings	14.13	18.54
Other borrowing costs	3.43	4.42
Exchange fluctuation on foreign currency transactions/ translat	-	-
Total	17.55	22.95

Note 32
Depreciation and amortisation expense

Particulars	As at March 31, 2024	As at March 31, 2023
Depreciation of tangible assets	44.91	38.00
Amortisation of intangible assets	0.58	0.41
Total	45.49	38.42

Note 32
Other expenses

Particulars	As at March 31, 2024	As at March 31, 2023
Rent	9.03	6.17
Security charges	7.41	5.82
Rates and taxes	3.34	2.22
Repairs and maintenance:		
-Machinery	1.71	2.14
-Vehicles	2.85	3.42
-Others	4.58	4.93
Insurance expense	4.88	4.20
Travelling, communication and conveyance expenses	39.25	34.78
Directors sitting fees	1.78	0.56
Commission expenses	6.95	6.53
Packing, forwarding and distribution expenses	26.22	32.78
Advertisements and sales promotion expenses	2.07	3.24
Payment to auditors		
-As auditor - Audit fees	1.51	1.00
-For other services	0.08	0.38
-Out of pocket expenses	-	-
Bad debts w/off	9.56	3.88
Legal and professional fees	24.24	17.41
Loss on Foreign currency transactions	0.34	1.43
Net loss on financial instruments at fair value through profit or	-	10.33
Expenditure on corporate social responsibility	3.00	3.40
Miscellaneous expenses	26.91	12.99
Total	175.70	157.61

Note 33
Exceptional Items

Particular	31-Mar-24	31-Mar-23
Share issue Expenses	2.57	

* The company filed for DRHP to raise funds from the public on 27th April 2024 and is currently awaiting necessary regulatory approvals



DIFFUSION ENGINEERS LTD

Notes forming part of the Ind AS financial statements (continued)

(All amounts in rupees Million, unless otherwise stated)

Note 34**Tax Expense**

(Rs. in Million)		
Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Current tax (including earlier years)	87.86	59.34
Deferred tax	14.94	3.98
Income tax expense reported in the statement of profit and loss	102.80	63.32

Other comprehensive income

Deferred tax charge/ (credit) on remeasurements losses of defined benefit plans

	0.45	(0.05)
Total tax expense	102.34	63.37

The major components of income tax expense and reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 2024 25.17%, and 2023 25.17% respectively and the reported tax expense in the statement of profit or loss are as follows:

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

Accounting profit before income tax	410.84	286.76
At country's statutory income tax rate of 25.17% 31 March 2024 and 31 March 2023: 25.17%)	103.41	72.18

Tax effect of amounts which are not deductible (taxable) in calculating taxable income:

Difference Between Book Depreciation And Tax Depreciation	3.19	(4.40)
Net Expenses disallowed/allowed under Income Tax	-1.43	(0.49)
Fair Value Gain as per IND AS	8.65	-
Effect of Deferred Tax	11.91	3.98
Others	(0.29)	(7.91)
	102.34	63.37

Note 35**Earning Per Equity Share**

(Rs. in Million)		
Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Net profit attributable to equity shareholders		
Net profit for the year	302.97	224.67
Nominal value of equity share Rs.	10.00	10.00
Total number of equity shares outstanding at the beginning of the year	28.02	3.74
Total number of equity shares outstanding at the end of the year	28.02	3.74
Weighted-average number of equity shares (Post Bonus Issue)	28.02	28.02
Basic	10.81	8.02
Diluted	10.81	8.02

Note 36**Employee benefit obligations****Defined contribution plan**

The Company makes contribution to statutory provident fund as per Employees Provident Fund and Miscellaneous Provisions Act, 1952. This is a defined contribution plan as per IND-AS 19.

(Rs. in Million)		
Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Employers Contribution to Provident Fund/ Pension Fund	13.03	14.32
Employers Contribution to ESIC	1.71	1.78
Total	14.74	16.10



Defined Benefit Plan for Gratuity & for Leave Encashment :

(i) Actuarial gains and losses in respect of defined benefit plans are recognised in the Financial statements through other comprehensive income.

(ii) Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

(a) Asset Volatility :

(i) The plan liabilities are calculated using a discount rate; if plan assets under perform compared to the discount rate, this will create or increase a deficit.

(ii) As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

(b) Life Expectancy :

The majority of the plan's obligations are to provide benefits for the service life of the member, so increases in service life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in service life expectancy.

The amounts recognized in the Balance Sheet are as follows :

Particulars	(Rs. in Million)	
	Leave Encashment	
	Year ended 31 March 2024	Year ended 31 March 2023
Present value of obligation at the end of year	2.70	2.70
Fair value of plan assets at the end of year	-	-
Net liability recognized in the Balance Sheet	2.70	2.70

The amounts recognized in the Balance Sheet are as follows :

Particulars	(Rs. in Million)	
	Gratuity	
	Year ended 31 March 2024	Year ended 31 March 2023
Present value of obligation at the end of year	27.72	22.60
Fair value of plan assets at the end of year	29.29	27.06
Net liability (asset) recognized in the Balance Sheet	(1.57)	(4.46)

The amounts recognized in the Statement of Profit and Loss are as follows:

Particulars	(Rs. in Million)	
	Leave Encashment	
	Year ended 31 March 2024	Year ended 31 March 2023
Current Service Cost	0.59	0.96
Interest Cost	0.20	0.19
Past Service Cost	-	-
Benefits Paid	-	-
Recognized Net Actuarial (Gain)/ Loss	0.12	(1.15)
Total, included in Employee Benefit Expenses	0.90	0.00

The amounts recognized in the Statement of Profit and Loss are as follows:

Particulars	(Rs. in Million)	
	Gratuity	
	Year ended 31 March 2024	Year ended 31 March 2023
Current Service Cost	2.66	2.17
Interest Cost	-0.32	(0.34)
Past Service Cost	-	-
Benefits Paid	-	-
Recognized Net Actuarial (Gain)/ Loss	-	-
Total, included in Employee Benefit Expenses	2.35	1.83



Changes in present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows :

Particulars	(Rs. in Million)	
	Leave Encashment	
	Year ended 31 March 2024	Year ended 31 March 2023
Defined benefit obligation at beginning of the year	2.70	2.70
Current Service Cost	0.59	0.96
Past Service Cost	-	-
Interest Cost	0.20	0.19
Benefits Paid	-	-
Actuarial (Gain)/ Loss	0.12	(1.15)
Defined benefit obligation at the end of the year	3.61	2.70

Particulars	(Rs. in Million)	
	Gratuity	
	Year ended 31 March 2024	Year ended 31 March 2023
Defined benefit obligation at beginning of the year	22.60	19.43
Current Service Cost	2.66	2.17
Past Service Cost	-	-
Interest Cost	1.62	1.34
Benefits Paid	-1.14	(1.21)
Other (Employee contribution, tax expenses)	-0.08	(0.06)
Actuarial (Gain)/ Loss	2.06	0.94
Defined benefit obligation at the end of the year	27.72	22.60

Particulars	(Rs. in Million)	
	Gratuity	
	Year ended 31 March 2024	Year ended 31 March 2023
Defined benefit plan at beginning of the year	27.06	21.21
Interest income	1.93	1.67
Employer contribution	1.44	4.32
Benefits Paid	-1.22	(1.27)
Actuarial Gain/ (Loss)	0.07	1.14
Defined benefit plan at the end of the year	29.28	27.06

The Financial assumptions used in accounting for the Gratuity Plan & Leave Encashment are set out below:

Particulars	(Rs. in Million)	
	Leave Encashment	
	Year ended 31 March 2024	Year ended 31 March 2023
(i) Discount Rate	7.10%	7.35%
(ii) Salary Escalation Rate	5.00%	5.00%

Particulars	Gratuity	
	Year ended 31 March 2024	Year ended 31 March 2023
	(i) Discount Rate	7.10%
(ii) Salary Escalation Rate	5.00%	5.00%
(iii) Expected Rate of Return on Plan Assets	7.10%	7.35%



The Demographic assumptions used in accounting for the gratuity plan & leave encashment are set out below:

Particulars	(Rs. in Million)	
	Leave Encashment	
	Year ended 31 March 2024	Year ended 31 March 2023
(i) Retirement Age	58 years	58 years
(ii) Employee Turnover :		
18-30 Years	1.00%	1.00%
30-45 Years	1.00%	1.00%
Above 45 Years	1.00%	1.00%

Particulars	(Rs. in Million)	
	Gratuity	
	Year ended 31 March 2024	Year ended 31 March 2023
(i) Retirement Age	58 years	58 years
(ii) Employee Turnover :		
18-30 Years	1.00%	1.00%
30-45 Years	1.00%	1.00%
Above 45 Years	1.00%	1.00%

Bifurcation of Present Value of Obligations at the end of the valuation period as per Schedule III of the Companies Act, 2013

Particulars	(Rs. in Million)	
	Year ended 31 March 2024	Year ended 31 March 2023
(i) Current liabilities	0.80	2.46
(ii) Non Current liabilities	2.81	21.04

The Sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Expected Cash flow for following years

Expected Cash Flow for the Next Ten Years	(Rs. in Million)	
	Year ended 31 March 2024	Year ended 31 March 2023
Year 1	4.36	2.46
Year 2	1.61	1.95
Year 3	2.53	1.32
Year 4	1.35	2.22
Year 5	1.62	1.08
Year 6 to 10	10.98	9.55

The estimates of future salary increase, considered in actuarial valuation, take into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market. The Company evaluates these assumptions annually based on its long-term plans of growth and industry standards. The discount rate is based on prevailing market yields on government securities as at balance sheet date for the estimated term of the obligations.

Note 37
Contingent Liabilities

	(Rs. in Million)	
	Year ended 31 March 2024	Year ended 31 March 2023
Contingent Liabilities not provided for :		
Claims against the company not acknowledge as Debt		
a. Excise duty liability disputed	-	1.66
	-	1.66



Note 38**Related party transactions****38.1 Names of related parties and description of relationship:**

Relationship	Name of the related party
Associate of Subsidiary	M/s Mecdiff SD. BHD. (Associate of Diffusion engineers Singapore)
Joint Venture	LSN Diffusion Ltd (Joint Venture with Diffusion engineers Ltd)
Key Management Personnel	Mr. Prashant Garg Mr. Ajay Jain Ms. Anita Vijaykar Mr Abhishek Mehta Ms Chanchal Jaiswal
Relatives of Key Managerial Personnel	Mrs. Chitra N Garg N. K. Garg HUF Mr. Nitin N Garg Mrs Neelu Garg Ajay Jain (H.U.F) Mrs Daksha Jain Mrs Disha Mehta
Common Management	Devi Kiran Advisory Services LLP Benvira Forward Algorithms Private Limited



38.2 Details of related party transactions

(Rs. in Million)

	Year ended 31 March 2024	Year ended 31 March 2023
Sales		
M/s Meediff SD. BHD.	12.58	8.94
		-
Total Credit Notes Towards Commission		
LSN Diffusion Ltd	42.68	0.57
		-
Purchase		
Benvira Forward Algorithms Private Limited	-	-
LSN Diffusion Ltd	42.96	35.37
		-
Reimbursement		
Benvira Forward Algorithms Private Limited	0.01	0.29
LSN Diffusion Ltd	0.09	0.21
Mr. Prashant Garg	2.05	2.59
		-
Commission		
Mr. Prashant Garg	-	2.50
Mr. Ajay Jain	0.35	0.35
Mrs. Neelu Garg	-	3.50
Mrs. Renuka Garg	0.35	0.35
Ms. Anita Vijaykar	0.35	0.35
Mrs. Chitra N Garg	0.35	
Mr. Anil Trigunyat	0.35	
Debit / (Credit) due to exchange fluctuation		
LSN Diffusion Ltd	0.28	-0.28
M/s Meediff SD. BHD.	0.08	0.11
		-
Dividend		
Mr. Prashant Garg	6.98	4.37
Ajay Jain (H.U.F)	0.05	0.03
Mr. Nitin N Garg	4.67	2.95
Mrs Daksha Jain	0.00	0.00
Mrs. Chitra N Garg	4.08	2.55
Mrs. Neelu Garg	0.03	0.03
Mrs. Renuka Garg	0.36	0.23
N. K. Garg HUF	1.42	0.89
Ms. Anita Vijaykar	0.00	0.00
Mr Abhishek Mehta	0.00	
Mr Ajay Jain	0.01	
		-
		-
Remuneration		
Mr. Prashant Garg	20.00	16.65
Mrs. Neelu Garg	5.52	1.92
Sitting Fees to Directors		
Renuka Garg	0.36	0.14
Ajay Jain	0.40	0.14
Anil Trigunayat	0.11	-
Anita Vijaykar	0.40	0.14
Prashant garg	0.41	0.14
Chitra Garg	0.11	-
		-
Key Managerial Personnel - Remuneration		
Mr Abhishek Mehta	1.82	-
Ms Chanchal Jaiswal	0.60	-
Relatives of Key Managerial Personnel - Consultancy		
Mrs Disha Mehta	1.50	-
Rent		
Mrs. Chitra N Garg	3.03	2.67
N. K. Garg HUF	0.22	0.19
Mr. Prashant Garg	0.73	0.70
Purchase of land		
Mr. Prashant Garg	13.33	
Mr. Nitin N Garg	13.33	
Mrs. Chitra N Garg	13.33	
	195.26	88.57



38.3

Details of outstanding to/from related parties

(Rs. in Million)

	Year ended 31 March 2024	Year ended 31 March 2023
Trade Payables		
Benvira Forward Algorithms Private Limited		-
LSN Diffusion Ltd		1.48
		-
Trade receivables		
M/s Mecdiff SD. BHD.	7.78	1.51
Benvira Forward Algorithms Private Limited	6.28	-
		-
Reimbursement Payable		
Mr. Prashant Garg		0.16



DIFFUSION ENGINEERS LTD

Notes forming part of the Ind AS financial statements (continued)

(All amounts in rupees Million, unless otherwise stated)

Note 39

Financial Instruments by Category

A. Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the financial instruments of the Group

Financial Instruments by category	Carrying Value	
	Year ended	Year ended
	31 March 2024	31 March 2023
Financial Assets at Amortised Cost		
Cash and Bank Balances	78.13	45.31
Investments	158.93	179.78
Other Financial Assets	73.67	97.27
Trade Receivables	666.47	701.35
Loans and advances	155.45	50.06
Total	1,132.66	1,073.77
Financial Liabilities at Amortised Cost		
Trade Payables	309.14	247.38
Borrowings	344.35	480.92
Other Financial Liabilities	32.23	16.18
Total	685.72	744.48

Financial Instruments by category	Fair Value	
	Year ended	Year ended
	31 March 2024	31 March 2023
Financial Assets at Amortised Cost		
Cash and Bank Balances	78.13	45.31
Investments	203.98	195.03
Other Financial Assets	73.67	97.27
Trade Receivables	666.47	701.35
Loans and advances	155.45	50.06
Total	1,177.70	1,089.03
Financial Liabilities at Amortised Cost		
Trade Payables	309.14	247.38
Borrowings	344.35	480.92
Other Financial Liabilities	32.23	16.18
Total	685.72	744.48

The following methods and assumptions were used to estimate the fair values:

Cash and short-term deposits, trade receivables, loans, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long-term receivables/payables are evaluated by the Company based on parameters such as interest rates, risk factors, individual creditworthiness of the counterparty and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

All foreign currency denominated assets and liabilities are translated using exchange rate at reporting date.



Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs based on unobservable market data.

Quantitative Disclosures of Fair Value Measurement Hierarchy for Assets: (Rs. in Million)

Particulars	Carrying Amount	Year ended 31 March 2024		
		Level of input used in		
		Level 1	Level 2	Level 3
Financial Assets at Amortised Cost				
Cash and Bank Balances	78.13	-	-	78.13
Investments	158.93	203.98	-	(45.04)
Other Financial Assets	73.67	-	-	73.67
Trade Receivables	666.47	-	-	666.47
Financial Liabilities at Amortised Cost				
Trade Payables	309.14	-	-	309.14
Borrowings	344.35	-	-	344.35
Other Financial Liabilities	32.23	-	-	32.23

Quantitative Disclosures of Fair Value Measurement Hierarchy for Assets: (Rs. in Million)

Particulars	Carrying Amount	As at March 31, 2023		
		Level of input used in		
		Level 1	Level 2	Level 3
Financial Assets at Amortised Cost				
Cash and Bank Balances	45.31	-	-	45.31
Investments	179.78	121.02	-	58.75
Other Financial Assets	97.27	-	-	97.27
Trade Receivables	701.35	-	-	701.35
Loans and advances	50.06	-	-	50.06
Financial Liabilities at Amortised Cost				
Trade Payables	247.38	-	-	247.38
Borrowings	480.92	-	-	480.92
Other Financial Liabilities	16.18	-	-	16.18



DIFFUSION ENGINEERS LTD

Notes forming part of the Ind AS financial statements (continued)

Notes to the consolidated financial statements for the Period Ended 31st March 2024

40 Financial Instruments (Contd.)**B. Financial Risk****Management**

Diffusion engineers limited is exposed primarily to market risk (fluctuation in foreign currency exchange rates & interest rate), credit, liquidity which may adversely impact the fair value of its financial instruments. The Group assesses the unpredictability of the financial environment & seeks to mitigate potential adverse effects on the financial performance of the Group.

1. Capital Management :**The Group's capital management objectives are:**

- (i) The Board policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital employed.
- (ii) The Group manages capital risk by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary.
- (iii) The Company uses debt equity ratio as a capital management index and calculates the ratio as the net debt divided by share holders equity. Net debts and shareholders equity are based on the amounts stated in the financial statements.

(iv) Debt Equity Ratio is as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Debt (A)	344.35	480.92
Equity (B)	1,907.05	1,419.97
Debt Equity Ratio (A/B)	0.18	0.34

2. Credit Risk :

- (i) Credit risk is the risk of financial loss arising from counter-party failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.
- (ii) Financial instruments that are subject to concentration of credit risk principally consists of trade receivables, investments, derivative financial instruments and other financial assets. None of the financial instruments of the Group results in material concentration of credit risk.

3. Liquidity Risk :

Liquidity Risk Management : Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Maturities of Borrowings :

The following table details the Group's expected maturity for borrowings :

Exposure to Risk	As at March 31, 2024	As at March 31, 2023
Interest bearing borrowings:		
On Demand	344.35	451.32
Less than 180 Days		10.13
181-365 Days		2.78
More than 365 Days		16.69



DIFFUSION ENGINEERS LTD

Notes forming part of the Ind AS financial statements (continued)

Notes to the consolidated financial statements for the Period Ended 31st March 2024

4. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Group's exposure to market risk is primarily on account of foreign currency exchange rate risk.

a) Foreign Currency Exchange Rate Risk :

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in AED, US Dollar, Australian Dollar, Great Britain Pound, Euro, JPY against the respective functional currencies of the Group. The Group, as per its risk management policy, evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks & uses derivative instruments primarily to hedge foreign exchange (if required).

Foreign Currency Exposures :

Particulars	Currency type	As at March 31, 2024	As at March 31, 2023
I. Trade	USD	0.98	1.54
	EURO	0.04	0.07
	SGD		0.03
	AED		-
	AUD		0.01
Total		1.02	1.65
II. Borrowing balances :	USD		0.27
	Total		0.27
III. Trade payables :	USD	0.30	0.11
	EUR	0.02	0.22
Total		0.32	0.33

Foreign Currency

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

Particulars	Currency	Change in rate	Effect on profit before
Based on YOY change between F23 & F24	USD	+100%	0.68
	USD	-100%	(0.68)
	EUR	+100%	0.02
	EUR	-100%	(0.02)
	SGD	+100%	-
	SGD	-100%	-
	AED	+100%	-
	AED	-100%	-
	AUD	+100%	-
	AUD	-100%	-
March 31, 2023			
Based on YOY change between F22&23	USD	+100%	1.16
	USD	-100%	(1.16)
	EUR	+100%	(0.15)
	EUR	-100%	0.15
	SGD	+100%	0.03
	SGD	-100%	(0.03)
	AUD	+100%	0.01
	AUD	-100%	(0.01)



DIFFUSION ENGINEERS LTD

Notes forming part of the Ind AS financial statements (continued)

Notes to the consolidated financial statements for the Period Ended 31st March 2024

b) Interest Rate Risk :

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

Floating Interest rate exposure :	As at March 31, 2024	As at March 31, 2023
Secured Loans :		
Loans repayable taken from Banks:	344.35	480.92
Total	344.35	480.92

Interest Rate Sensitivity :

The sensitivity analyses below have been determined based on exposure to interest rate. For variable rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. With all other variables held constant, the Group's profit before tax is affected through the impact on variable rate borrowings, as follows:

Particulars	Increase / Decrease in Basis Points	Effect on Profit Before Tax(Loss)
As at March 31, 2024	+100	3.44
	-100	(3.44)
As at March 31, 2023	+100	4.81
	-100	(4.81)



DIFFUSION ENGINEERS LTD

Notes forming part of the Ind AS financial statements (continued)

(All amounts in rupees Million, unless otherwise stated)

Note 41 Additional Information Regarding Subsidiaries as per Schedule III of the Companies Act, 2013**(Rs. in Million)**

Name of the Entity	Net Assets		Share in Profit or Loss	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount
F.Y. 2023-24				
a) Parent				
Parent- Diffusion Engineers Ltd.	93.35%	1,783.19	76.36%	232.42
b) Subsidiaries				
Indian				
Diffusion Super-Conditioning Services Pvt. Ltd.	0.55%	10.52	0.81%	2.46
Nowelco Industries Pvt. Ltd.	0.45%	8.58	1.41%	4.29
Diffusion Heron Adhesive & Sealant Pvt. Ltd.	0.12%	2.22	0.02%	0.05
Foreign				
Diffusion Engineers Singapore Pte. Ltd.	1.15%	21.97	-13.91%	(42.33)
Diffusion Wear Solutions Philippines Inc.	5.87%	112.14	32.02%	97.47
Adjustments arising out of consolidation	-1.49%	(28.43)	3.29%	10.02
Total	100%	1,910.19	100%	304.37

Name of the Entity	Net Assets		Share in Profit or Loss	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount
F.Y. 2022-23				
a) Parent				
Parent- Diffusion Engineers Ltd.	95.99%	1,364.66	74.28%	166.79
b) Subsidiaries				
Indian				
Diffusion Super-Conditioning Services Pvt. Ltd.	0.55%	7.82	0.28%	0.63
Nowelco Industries Pvt. Ltd.	0.30%	4.29	-0.18%	(0.40)
Diffusion Heron Adhesive & Sealant Pvt. Ltd.	0.14%	1.96	0.08%	0.19
Foreign				
Diffusion Engineers Singapore Pte. Ltd.	2.00%	28.38	-0.13%	(0.29)
Diffusion Wear Solutions Philippines Inc.	3.82%	54.28	10.07%	22.61
Adjustments arising out of consolidation	-6.61%	(93.99)	5.52%	12.40
Total	100%	1,421.67	100%	224.53



DIFFUSION ENGINEERS LTD

Notes forming part of the Ind AS financial statements (continued)

(All amounts in rupees Million, unless otherwise stated)

Note No. 42

Segment reporting**Basis for segmentation**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chairman and Managing Director (CMD) to make decisions about resources to be allocated to the segments and assess their performance.

The Group has three reportable segments, as described below, which are the Group's strategic business units. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the business units, the Group's Chairman & Managing Director reviews internal Group management reports periodically. The CMD is designated as the Chief Operating Decision Maker (CODM).

Business Segment
Manufactured Products
Trading Products
Job Works

Description of products/services
Welding Electrodes, Flux Cord Wires, SOP, Diffcor, Wear Plates, etc.
TIG, MIG, Filler Wires, Thermal Spray Powders, Welding Equipments, etc.
Service Welding & Reconditioning Jobs.

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
a) Segment revenue from operations		
Manufactured Products		
Local	1,863.92	2,024.99
Export	237.27	276.39
Trading Products		
Local	304.29	201.37
Export	23.50	7.09
Job Works		
Local	326.34	215.66
Export	2.72	10.85
Gross Segment revenue from operations	2,758.04	2,736.36
Unallocable revenue from operation	23.41	23.58
Less:- Inter segment		-
Manufactured Products		(211.18)
Total Segment revenue from operations	2,781.45	2,548.76
b) Segment profit/(loss) before tax & interest		
Manufactured Products	607.02	353.88
Trading Products	127.29	145.24
Job Works	96.67	172.21
Net segment profit before tax & interest	830.98	671.33
Reconciliation of segment profit with profit before tax		
Finance Cost	17.55	22.95
Other unallocated corporate expenses net off	460.59	399.73
Unallocable income	(23.41)	(37.96)
Profit before tax as per statement of profit and loss	376.25	286.60



DIFFUSION ENGINEERS LTD

Notes forming part of the Ind AS financial statements (continued)
(All amounts in rupees Million, unless otherwise stated)

Other Information		
j) Segment assets		
Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Manufactured Products	2,755.85	1,099.34
Trading Products	66.49	55.57
Job Works	93.38	78.05
Total segment assets	2,915.72	1,232.96
Eliminations / Unallocated	1,280.72	1,070.47
Total assets	4,196.44	2,303.44
k) Segment Liabilities		
Manufactured Products	256.26	267.20
Trading Products	1.84	1.92
Job Works	15.55	16.21
Total segment liabilities	273.64	285.33
Eliminations / Unallocated	572.03	596.45
Total liabilities	845.67	881.78
Geographical Information		
Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Segment revenue from external customers		
India	2,541.46	2,254.43
Outside India	239.99	294.34
Total segment Revenue	2,781.45	2,548.76
Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Total Assets		
India	4,046.31	2,193.82
Outside India	150.13425	109.62
Total segment Assets	4,196.44	2,303.44
Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Total Liabilities		
India	790.39	837.27
Outside India	55.28	44.51
Total segment Liabilities	845.67	881.78



DIFFUSION ENGINEERS LTD
Notes forming part of the Ind AS financial statements (continued)
(All amounts in rupees Million, unless otherwise stated)

Note 43
Ratio Analysis

Sr No.	Ratio Analysis	Numerator	Denominator	31-Mar-24	31-Mar-23	% Variance	Remark
1	Current Ratio	Current Assets	Current Liabilities	1.89	1.70	11.35%	
2	Debt Equity Ratio	Total borrowings	Shareholder's Equity	0.18	0.34	-46.69%	Variance is due to repayment of debt and issue of fresh equity
3	Debt Service Coverage Ratio	Earnings available for debt service	Debt Service	33.30	10.93	204.82%	Variance is due to repayment of debt and increase in profit
4	Return on Equity Ratio	Profit After Tax	Avg. Shareholders Equity	18.52%	17.11%	8.25%	
5	Inventory Turnover Ratio	Net Sales	Average Inventory	5.44	5.38	1.09%	
6	Trade Receivables Turnover Ratio	Net Credit Sales	Average Trade Receivables	4.18	4.29	-2.76%	
7	Trade Payables Turnover Ratio	Total Purchases	Average Trade Payables	5.58	5.78	-3.30%	
8	Net Capital Turnover Ratio	Net Sales	Average Working Capital	4.50	5.18	-13.21%	
9	Net Profit Ratio	Profit After Tax	Net Sales	0.11	0.09	26.00%	Variance is due to decrease in overall direct and indirect expenditure and increase in operating margin
10	Return on Capital employed	EBIT	Capital Employed	20.63%	18.67%	10.52%	
11	Return on Investment	Profit After Tax	Shareholder's Equity	16.08%	15.61%	3.00%	

Note- Variance is calculated between Mar23 and Mar22 Figures and reasons given thereon.

Explanation :

Total Debt represents Current Borrowings + Non Current Borrowings.

Shareholders Equity represents Equity Share Capital + Other equity

Earnings available for debt service represents Profit Before Tax + Depreciation and Amortizations + Interest on Debt

Debt Service represents Interest on Debt + Scheduled Principal Repayment of Non Current Borrowings

Net Sales represents Domestic Sales + Export Sales + Scrap Sales

Capital Employed represents Total Equity + Borrowings



DIFFUSION ENGINEERS LTD
Notes forming part of the Consolidated financial statements for the period ended March, 2024

1 Corporate Information:

We are engaged in the business of manufacturing welding consumables, wear plates and wear parts and heavy engineering machinery for core industries. With over four decades of experience, our Company is dedicated to providing specialized repairs and reconditioning services for heavy machinery and equipment. Additionally, we are also involved in trading of anti-wear powders and welding and cutting machinery. We provide a super conditioning process at our manufacturing facilities, a surface treatment solution for machine components that enhances wear resistance, eliminates stress and improves their reparability ultimately extending their lifespan and reducing production costs. We have developed a synergistic system of forward integration whereby we manufacture special purpose electrodes and flux cored wires which are utilized for manufacturing wear resistance plates (commonly known as wear plates).

2 Basis of preparation of financial statements and significant accounting policies:

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

The consolidated financial statements had been prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) convention on accrual basis upto 31.03.2022. As the company intends to raise the funds from Security Market, these financial statements have been recasted from 01.04.2021 and prepared in accordance with Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act for the purpose of preparation of Red Herring Prospectus.

As these are the Group's first consolidated financial statements prepared in accordance with Ind AS, Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 43.

Basis of preparation and presentation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.



DIFFUSION ENGINEERS LTD
Notes forming part of the Consolidated financial statements for the period ended March, 2024

The principal accounting policies are set out below.

Basis of consolidation

Subsidiaries

These Consolidated financial statements are prepared in accordance with Ind AS on "Consolidated Financial Statements" (Ind AS 110), specified under Section 133 of the Act.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated financial statements from the date on which control commences until the date on which control ceases. Subsidiaries considered in the Consolidated financial statements as below.

Name	Country of Incorporation	FY 2023-24		FY 2022-23	
		No of shares	% of Holding	No of shares	% of Holding
Subsidiaries :-					
Indian					
1. Diffusion super - conditioning services Pvt Ltd	India	3760	98.95	3760	98.95
2. Nowelco Industries Pvt Ltd	India	385511	66.95	385511	66.95
3. Diffusion HERNON Adhesive & Sealant Pvt Ltd	India	95000	95	95000	95
Foreign					
1. Diffusion engineers Singapore Pte .Ltd	Singapore	250217	100	250217	100
2. Diffusion Wear Solutions Philippines Inc*	Philippines	9000000	100	9000000	100
Foreign Joint Venture:-					
1. LSN Diffusion Ltd	United Kingdom	754450	21.56	754450	21.56
Foreign Associates :-					
1. Mecdiff Bhd*	malaysia	300000	30	300000	30

*Share held by Diffusion Engineers singapore Pte.Ltd

Non-controlling interest (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

2.2 Basis of Measurement

These group financial statements have been prepared in Indian Rupee which is the functional currency of the Holding Company. These financial statements have been prepared on historical cost basis, except for certain financial instruments which are measured at fair value or amortised cost at the end of each reporting period, as explained in the accounting policies below.

2.3 Use of judgments, estimates and assumptions

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.



DIFFUSION ENGINEERS LTD

Notes forming part of the Consolidated financial statements for the period ended March, 2024

2.4 Property, plant and equipment Recognition and measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are measured at cost of acquisition or construction less accumulated depreciation and accumulated impairment loss, if any.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any discounts and rebates are deducted in arriving at the purchase price.

Borrowing costs directly attributable to the construction or acquisition of a qualifying asset up to completion or acquisition are capitalized as part of the cost. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment under construction are disclosed as capital work-in-progress. Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed under "Other non-current assets".

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2021 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit and loss as incurred.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no future benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income/expenses in the statement of profit and loss.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment as prescribed in Schedule II of the Companies Act 2013 except in the cases mentioned below where the management based on the technical evaluation have estimated the life to be lower than the life prescribed in schedule II.

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Depreciation is also not recorded for Land.

2.5 Intangible assets Recognition and measurement

Intangible assets are recognised when the asset is identifiable, is within the control of the Group, it is probable that the future economic benefits that are attributable to the asset will flow to the Group and cost of the asset can be reliably measured.

Intangible assets acquired by the Group that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses (if any).

Subsequent measurement

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Amortisation is not recorded on intangible assets under development until development is complete and the asset is ready for its intended use.

The intangible asset are amortised over the estimated useful lives as given below: -

Computer Software : 3 years

Deemed cost on transition to Ind AS

For transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2021 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.



DIFFUSION ENGINEERS LTD
Notes forming part of the Consolidated financial statements for the period ended March, 2024

2.6 Inventories

Raw materials and traded goods are valued at lower of cost or net realizable value. The costs of these items of inventory comprises of cost of purchase and other incidental costs incurred to bring the inventories to their present location and condition. However, raw materials are written down below cost only when the finished product to which they belong are written down below cost and the replacement cost of that raw material is lower than cost. Cost of raw materials and traded goods are determined on "Weighted Average" /"FIFO" basis.

Work-in-process and Finished goods are valued at lower of cost or net realizable value. The cost includes direct materials, labour, other direct costs and related production overheads based on normal operating capacity. Cost is determined on "Weighted Average" /"FIFO" basis.

**2.7 Foreign currencies transactions
Transactions and balances**

In preparing the financial statements of each individual Company entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

2.8 Borrowing costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized in the cost of that asset. Qualifying assets are those assets which necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised in the year in which they are incurred.

2.9 Current and Non-Current Classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

**All assets and liabilities are classified into current and non-current.
An asset is treated as current when it is:**

It is expected to be realised in or is intended for sale or consumption in the Group normal operating cycle

Held primarily for the purpose of trading

It is expected to be realised within 12 months after the reporting date; or

It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date. Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

A liability is current when:

It is expected to be settled in the Group normal operating cycle;

It is held primarily for the purpose of being traded;

It is due to be settled within 12 months after the reporting date; or

The Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.



DIFFUSION ENGINEERS LTD
Notes forming part of the Consolidated financial statements for the period ended March, 2024

2.10 Investment

Current investments are carried at lower of cost and fair value. Non-current investments are stated at cost. Provision for diminution in the value of long term investment is made only if such a decline is other than temporary.

Investments in associates and joint venture

The Group has elected to recognise its investments in associate and joint venture companies at cost in accordance with the option available in Ind AS 27, Separate Financial Statements.

2.11 Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.



DIFFUSION ENGINEERS LTD
Notes forming part of the Consolidated financial statements for the period ended March, 2024

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

2.12 Lease

The Group, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Group has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate.

For short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the lease term.

2.13 Income tax

Income tax expense comprises current tax and deferred tax. Income tax expenses are recognised in statement of profit or loss except to the extent that it relates to items recognized in other comprehensive income (OCI).

Current tax

Current tax is the tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of the previous year. It is measured using tax rates (and tax laws) enacted or substantially enacted by the reporting date.

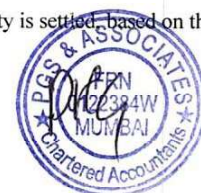
Current tax assets/liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax assets (if any) are recognised only to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets/liabilities are reviewed at each balance sheet date and are recognised/ reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on the laws that have been enacted or substantively enacted by the reporting date.



DIFFUSION ENGINEERS LTD
Notes forming part of the Consolidated financial statements for the period ended March, 2024

2.14 Provisions

A Provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

2.15 Contingent Liabilities

Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by the future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent Assets

Contingent assets are not recognised in the financial statements. A contingent asset is disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually and, if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

2.16 Financial Instruments:

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

(a) Financial assets

Financial assets include cash and cash equivalents, trade and other receivables, investments in securities and other eligible current and non-current assets.

At initial recognition, all financial assets are measured at fair value. Such financial assets are subsequently classified under one of the following three categories according to the purpose for which they are held. The classification is reviewed at the end of each reporting period.

Financial assets at amortised cost: At the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates. These financial assets are intended to be held until maturity. Therefore, they are subsequently measured at amortised cost by applying the Effective Interest Rate (EIR) method to the gross carrying amount of the financial asset. The EIR amortisation is included as interest income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Financial assets at fair value through other comprehensive income: At the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates, as well as held for selling. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in Other Comprehensive Income (OCI). Interest income calculated using the Effective Interest Rate (EIR) method, impairment gain or loss and foreign exchange gain or loss are recognised in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the OCI to Statement of Profit and Loss.

Financial assets at fair value through profit or loss: At the date of initial recognition, financial assets are held for trading, or which are measured neither at Amortised Cost nor at Fair Value through OCI. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in the Statement of Profit and Loss.

Investment in Equity shares of associates and joint venture are valued at cost.

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

The Group assesses impairment based on the expected credit losses (ECL) model to all its financial assets measured at amortised cost.



DIFFUSION ENGINEERS LTD
Notes forming part of the Consolidated financial statements for the period ended March, 2024

(b) Financial liabilities

Financial liabilities include long-term and short-term loans and borrowings, trade and other payables and other eligible current and non-current liabilities.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and other payables, net of directly attributable transaction costs. After initial recognition, financial liabilities are classified under one of the following two categories:

Financial liabilities at amortised cost: After initial recognition, such financial liabilities are subsequently measured at amortised cost by applying the Effective Interest Rate (EIR) method to the gross carrying amount of the financial liability. The EIR amortisation is included in finance expense in the profit or loss.

Financial liabilities at fair value through profit or loss: which are designated as such on initial recognition, or which are held for trading. Fair value gains / losses attributable to changes in own credit risk is recognised in OCI. These gains / losses are not subsequently transferred to Statement of Profit and Loss. All other changes in fair value of such liabilities are recognised in the Statement of Profit and Loss.

The Group derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

2.17 Revenue Recognition

Revenue from contracts with customer

Revenue from contract with customers is recognised when the Group satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset. Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and goods & service tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts if any.

Rental income

Rental income from investment property is recognised as part of revenue from operations in profit or loss on a straight-line basis over the term of the lease.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Receipts from insurance claims are accounted after the same is approved by the insurance company.

2.18 Earnings per share

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



DIFFUSION ENGINEERS LTD
Notes forming part of the Consolidated financial statements for the period ended March, 2024

2.19 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group.

2.2 Cash and Cash Equivalents

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

2.21 Statement of Cash Flows

Statement of Cash flows is reported using the indirect method, whereby profit for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

2.22 Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current

Shareholders Of Diffusion Engineers Limited has approved bonus of 1:6 in the EGM dated 18th Nov 2023 and allotment made vide Board Meeting dated 29th Nov 2023

Total No of shares	3.73
issue	0.26
current share	4.00
Bonus 1:6	24.01
Total Shares After Bonus Issue	28.02



DIFFUSION ENGINEERS LTD
Notes forming part of the Ind AS financial statements (continued)
(All amounts in rupees Million, unless otherwise stated)

Note-44

Proposed Dividend

Board of Directors proposes 2.5% Final

Note-45

Other Amendments with respect to Schedule III

The Company does not have any Benami property, where any proceedings have been initiated or pending against the company for holding any Benami property.

The company is not declared as wilful defaulter by any bank or financial Institution or other lender

The Company does not have any transactions with Companies struck off.

The company has filed certain Adjudication/Regularization Applications before the Registrar of Companies, Mumbai.

The Company has not traded or invested in Crypto currency or Virtual currency during the financial year.

The Company has not advanced or loaned or invested funds to any other person / entities, including foreign entities (intermediaries) with the understanding that the intermediary shall:

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (ultimate beneficiaries)
- (ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

The company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (ultimate beneficiaries) or
- (ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

Diffusion Eurasia Mühendislik Sanayi Ve Ticaret Anonim Sirketi (DEMSTAS) is a company incorporated in Turkey as a Company on February 16, 2024 registered with the IZMIR Trade Registry Office under Trade Registry number 253826. The registered office of DEMSTAS is situated at Adalet Mah. Anadolu Cad. Megapol Tower No: 41 I Kapi No: 101 Bayrakli/Izmir. Holding was agreed as follows :

Diffusion Engineers Limited - 70%

Gurkhan Gokhan - 30%

Total Share capital proposed was 2,50,000 Turkish Lira and 25% of the same 62,500 turkish Lira was paid by Gokhan Gurcan. Contribution of Diffusion Engineers Limited was to be done within 24 months from the date of registration.

As on 31st March the company had not invested any amount in the said company. On 21st May 2024, company transferred 1,75,000 Turkish Lira in the company as their 70% capital contribution.

Note-46

Previous year's figures have been regrouped / rearranged wherever necessary, to conform to the current year's classification / disclosure.

As per our report of even date

For PGS & Associates

Chartered Accountants

F.R.N. : 0122384W

For and on behalf of the Board of Directors of

Diffusion Engineers Limited

PHGandhi

PREMAL H GANDHI

Partner

Membership Number: 111592

Place : Mumbai

UDIN -

Date : 31/07/2024



Prashant N. Garg

PRASHANT N. GARG

Chairman & Managing Director

DIN :- 00049106

Place : Nagpur

Date : 31/07/2024

Ajay Jain

AJAY JAIN

Director

DIN :- 02815416

Place : Mumbai

Date : 31/07/2024

Abhishek Mehta

ABHISHEK MEHTA

Chief Financial Office

Place : Nagpur

Date : 31/07/2024

Chanchal Jaiswal

CHANCHAL JAISWAL

Company Secretary

Place : Nagpur

Date : 31/07/2024